

SANFORD Florida

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE YEAR ENDED SEPTEMBER 30, 2001

CITY OF SANFORD, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

September 30, 2001

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Prepared by:

Department of Finance

CITY OF SANFORD, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended September 30, 2001

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COMMISSIONERS

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Art Woodruff

Randy Jones

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CITY MANAGER

Tony M. VanDerworp, AICP

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES

Donna M. Watt, CPA, CGFO

CITY OF SANFORD, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended September 30, 2001

Contents

	<u>Page</u>
INTRODUCTORY SECTION:	
Letter of Transmittal.....	i
Organizational Chart.....	xii
Principal Officials.....	xiii
Certificate of Achievement for Excellence in Financial Reporting.....	xiv
 FINANCIAL SECTION:	
Independent Auditors' Report	1
General-Purpose Financial Statements (Combined Statements - Overview):	
Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types, Expendable Trust Funds and Discretely Presented Component Unit.....	8
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Primary Government - All Budgeted Governmental Fund Types	10
Combined Statement of Revenues, Expenses and Changes in Retained Earnings - All Proprietary Fund Types and Discretely Presented Component Unit	12
Combined Statement of Changes in Plan Net Assets - Pension Trust Funds	13
Combined Statement of Cash Flows - All Proprietary Fund Types and Discretely Presented Component Unit.....	14
Notes to Financial Statements.....	17
Required Supplemental Information:	
Schedule of Funding Progress	56
Schedule of Employer Contributions.....	57
Notes to Schedule of Funding Progress.....	58

CITY OF SANFORD, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended September 30, 2001

Contents - Continued

	<u>Page</u>
FINANCIAL SECTION - CONTINUED:	
Combing and Individual Fund Statements – By Fund Type:	
General Fund:	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	62
Special Revenue Funds:	
Combining Balance Sheet - All Special Revenue Funds	64
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Special Revenue Funds	66
Capital Projects Funds:	
Combining Balance Sheet - All Capital Projects Funds	70
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Capital Projects Funds	71
Enterprise Funds:	
Combining Balance Sheet - All Enterprise Funds	74
Combining Statement of Revenues, Expenses and Changes in Retained Earnings - All Enterprise Funds	76
Combining Statement of Cash Flows - All Enterprise Funds	77
Fiduciary Funds:	
Combining Balance Sheet - All Fiduciary Funds	80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Expendable Trust Funds	82
Combining Statement of Plan Net Assets - Pension Trust Funds	83
Combining Statement of Changes in Plan Net Assets - Pension Trust Funds	84
General Fixed Assets Account Group:	
Schedule of General Fixed Assets by Source	86
Schedule of General Fixed Assets - By Function and Activity	87
Schedule of Changes in General Fixed Assets - By Function and Activity	88

CITY OF SANFORD, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended September 30, 2001

Contents - Continued

	<u>Page</u>
STATISTICAL SECTION:	
Table I General Governmental Expenditures by Function - Last Ten Fiscal Years.....	90
Table II General Governmental Revenues by Source - Last Ten Fiscal Years	91
Table IIA General Governmental Tax Revenues by Source - Last Ten Fiscal Years	92
Table III Property Tax Levies and Collections - Last Ten Fiscal Years.....	93
Table IV Assessed and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	94
Table V Property Tax Rates - Direct and Overlapping Governments - Last Ten Fiscal Years	95
Table VI Principal Taxpayers.....	96
Table VII Computation of Direct and Overlapping Debt - General Obligation Bonds.....	97
Table VIII Revenue Bond Coverage - Water and Sewer Bonds - Last Ten Fiscal Years	98
Table IX Demographic Statistics - Last Ten Fiscal Years	99
Table X Property Value, Construction and Bank Deposits - Last Ten Fiscal Years	100
Table XI Miscellaneous Statistics	101
 COMPLIANCE SECTION:	
Schedule of Expenditures of Federal Awards.....	103
Schedule of Federal Guaranteed Loans	104
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	105
Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.....	107
Schedule of Findings and Questioned Costs.....	109
Management Comments	111



City of Sanford, Florida

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Office of the Finance Director
Donna M. Watt, CPA, CGFO

February 25, 2002

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

The Comprehensive Annual Financial Report of the City of Sanford, Florida, for the fiscal year ended September 30, 2001 is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the City of Sanford issues annually a report on its financial position and activity, and that this report be audited by an independent firm of certified public accountants. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds, account groups and component units of the City of Sanford. All disclosures necessary to enable the reader to gain an understanding of the City of Sanford's activities have been included.

The comprehensive annual financial report is presented in three sections: introductory, financial and statistical. The introductory section, which is unaudited, includes this letter of transmittal, an organizational chart and a list of the City of Sanford's principal elected and appointed officials. The financial section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the independent auditors' report on these financial statements and schedules. The statistical section, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.

The City of Sanford is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U. S. Office of Management and Budget's Circular A-133. Information related to this single audit, including a schedule of expenditures of federal awards, schedule of federal guaranteed loans, the independent auditors' report on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs are included in the compliance section of this report.

The financial reporting entity (City of Sanford) includes all the funds and account groups of the primary government (i.e., the City of Sanford as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the City of Sanford Finance Corporation is presented as a part of the primary government. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and

"The Friendly City"

to differentiate their financial position, results of operations and cash flows from those of the primary government. The Sanford Airport Authority and the Community Redevelopment Agency are reported as discretely presented component units. The City of Sanford provides a full range of services including police and fire protection services, street and infrastructure maintenance, and recreational activities and cultural events.

Governmental Structure, Local Economic Condition and Outlook

The City of 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 an 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 an 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, as well as to accommodate the unprecedented residential and commercial growth currently experienced by the City and its contiguous areas, the Commission has adopted a strategic plan, presented by the City Manager. The vision encompasses the following four 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.

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. In addition, the City is working in cooperation 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.

Major Initiatives

For the Year. The City of Sanford's staff, following specific directives from the City Commission and the City Manager, has been involved in a variety of projects throughout the year which reflect the City's commitment to its strategic plan. Several major projects or improvements were completed during the fiscal year.

The Recreation Department hosted the thirteenth Annual Central Florida Soap Box Derby in May 2001 and the 26th Annual Golden Age Games in November 2000. The Golden Age Games are the oldest senior games in the United States and feature senior athletes from across the nation participating in a week-long event with competition in sports, arts and crafts, and entertainment. The Games are a qualifying event for the U.S. Senior Olympics. The 2001 ASA Men's Super Slowpitch National Championship Tournament, scheduled for September 2001, featuring the nation's top ten men's softball teams competing at Historic Sanford Memorial Stadium, was rescheduled to October 2001 due to the worldwide impact of the events of September 11. The expansion of Chase Park, located adjacent to Historic Sanford Memorial Stadium, to a multi-purpose recreational facility was completed and a dedication ceremony was held in conjunction with opening day activities for youth baseball in March 2001. An initiative by citizens resulted in the conversion of Jaycee Park to Paw Park (a canine recreational facility) during fiscal year 2001. This initiative was completed through the joint efforts of the City and the citizens group through contributions and in-kind services.

The Engineering and Planning Department continued to focus on the processing of applications associated with the intense growth within the City and peripheral areas. During the year, approximately 581 acres of land were voluntarily annexed into the corporate limits of the City and 566 acres were rezoned, upon request of the property owner, to various permitted uses. The Department processed 90 development project applications during the year. These applications included 24 commercial projects, 6 multi-family projects, 7 industrial projects, and 14 governmental/public projects. The multi-family projects will add 1673 dwelling units to the City upon completion. Construction on the extension of St. Johns Parkway from Rhinehart Road to Airport Blvd. (a.k.a., East-West connector) continued with funding from the 1-cent sales tax funds available through Seminole County. Anticipated duration of the project will be approximately 2 years.

The Finance Department completed work on a new City web site to provide easily accessible information about the City to interested parties. Some features of the site include job postings, downloadable forms and publications, City Commission agendas and minutes, a calendar of events, active bids, and a citizen action request form via e-mail. The web site may be viewed at www.ci.sanford.fl.us. The Department also enhanced the City's e-mail and Internet capabilities and began a program to link all satellite locations to the City's server via wireless connections.

The Community Development Department, using State grants, provided weatherization enhancements on 16 housing units, provided Low-Income Emergency Home Repairs (LEHRP) on 16 homes, and provided \$238,291 in assistance to families for electric bills and home energy needs under the Low Income Home Energy Assistance Program (LIHEAP). The Department also received Community Development Block Grants for facade improvements along 13th Street and for water and sewer line extensions along Strawberry Avenue.

The Police Department renovated its headquarters to accommodate additional staff and program expansion. An emergency operations center (EOC) was incorporated into the renovation to provide a command post for emergency personnel during disaster situations. MCT's (mobile communication terminals) were installed in all patrol vehicles to facilitate communication flow with other law enforcement agencies. Continued emphasis was placed on bike patrols in selected commercial and residential areas. Grants were secured and utilized for specifically targeted programs such as DUI enforcement and auto-theft prevention.

During the year, the Water and Sewer Utility Department spent approximately eight (8) million dollars on completed and on going capital projects. Completed projects included water and sewer line improvements in

conjunction with St. John's Parkway Road Expansion, East Lake Mary Boulevard Phase I, and Westerly Water Line Extensions. On going projects included Narcissus Ave. Improvements, East Lake Mary Boulevard Phase II, and 46A Utility Relocates. Additionally, the City is expanding its reclaimed water services with an augmentation project. This project will be completed in two phases and will, upon completion, extract water from Lake Monroe to levelize production of reclaimed water. Funding for the project totals approximately \$4.3 million and will be provided by the City, a grant from the St. Johns River Water Management District and an interlocal agreement with Seminole County and the City of Lake Mary.

The Airport Authority held grand opening ceremonies for its recently completed domestic terminal. With the opening of the new terminal, Pan Am will continue to expand domestic flights into and out of OSD.

For the Future. Through the budget process, the City Commission has continued its commitment to maintaining or improving levels of service and promoting the health, safety and welfare of its citizens and enhancing the quality of life, through the appropriation of funds for the following major projects.

- Eleven (11) additional public safety positions and required equipment.
- Replacement of Tower 31 with a state-of-the-art unit at an approximate cost of \$635,000.
- Relocation of Fire Station #2 from 17-92 to Airport Boulevard at an estimated cost of \$1.1 million in an effort to leverage services with Seminole County and the City of Lake Mary under the first response agreement.
- Implementation of take-home vehicle policy for police officers to create a neighborhood police presence.
- Design/construction and infrastructure improvements associated with design/construction of the Hotel/Conference Center to be located on the downtown waterfront at Fort Mellon Park.
- Improvement of the City's Wide Area Network to connect all outlying City facilities and enhance communications systems between City and County public safety operations.
- Riverwalk design/construction, including seawall repairs, begun in fiscal year 2001 will continue.
- General Fund and LOGT funding for street improvements, lighting and signal upgrades, and the five-year sidewalk renewal and replacement project.
- Park improvements at McKibbin Park and renovations at Ft. Mellon Park. Design of the 13th Street and 18th Street parks and the new Community Recreation Center. Additional funding will be sought via available FRDAP, CDBG and other grants.
- Grand opening of the renovated Historic Sanford Memorial Stadium (depicted on the front cover of this report) in conjunction with the rescheduled ASA softball tournament.
- Increased funding to Sanford Main Street to fund facade improvement grants for qualifying business owners.
- Completion of Mill Creek IIIB Stormwater project.
- Continuation of water/sewer projects, extensions and relocations necessitated by the continued growth occurring within the City.
- Design completion, permitting and groundbreaking of state-of-the-art sewer plant to be located at Orlando-Sanford International Airport.
- Construction of parking garage at Orlando-Sanford International Airport.
- Vacation Express to begin connecting flights in Sanford.
- Planning for relocation of Public Works Complex.

Financial Information

Management of the City of Sanford is responsible for establishing and maintaining internal controls that are designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal, state and county financial assistance, the City of Sanford is responsible for ensuring that adequate internal controls are in place to ensure and document compliance with applicable laws and regulations related to those programs. These internal controls are subject to periodic evaluation by management, auditors from the grantor agencies, and independent auditors of the City.

As a part of the City's single audit, tests are made to determine the adequacy of internal controls, including that portion related to federal financial awards programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the single audit for the fiscal year ended September 30, 2001 provided no instances of material weaknesses in internal controls or significant violations of applicable laws and regulations.

In addition, the City maintains extensive budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Commission. Activities of the General Fund, certain Special Revenue Funds, Debt Service Fund, certain Capital Project Funds, the Stormwater Fund, and the Water and Sewer Utility Fund are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is the fund level. The City also maintains an encumbrance accounting system as one method of maintaining budgetary control. Appropriations, except an appropriation for a specified major capital expenditure, shall lapse at the close of the fiscal year to the extent that it has not been expended.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

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General Government Functions. The following schedule (Schedule 1) presents a summary of revenues for selected Governmental Funds (General Fund, Local Option Gas Tax Special Revenue Fund, and Debt Service Fund) for the fiscal year ended September 30, 2001 and the amount and percentage increase or decrease in relation to prior year revenues.

Schedule 1

GOVERNMENTAL FUNDS – REVENUE				
	FY 2000	FY 2001	\$ Increase (Decrease)	% Increase (Decrease)
Taxes	\$ 14,275,485	\$ 14,938,163	\$ 662,678	4.64%
Licenses and Permits	1,080,575	1,177,175	96,600	8.94%
Intergovernmental Revenues	3,928,410	4,131,529	203,119	5.17%
Charges for Services	4,066,573	4,379,973	313,400	7.71%
Fines and Forfeitures	204,801	248,409	43,608	21.29%
Contributions	6,688	31,947	25,259	377.68%
Interest	1,026,549	987,620	(38,929)	(3.79)%
Administrative Services	765,150	832,753	67,603	8.84%
Miscellaneous Revenue	303,558	245,537	(58,021)	(19.11)%
Totals	\$ 25,657,789	\$ 26,973,106	\$ 1,315,317	5.13%

Revenues in Schedule 1 increased 5.13% in fiscal year 2001. Tax revenues, a combination of four sources: property taxes, fuel taxes, franchise fees and utility taxes, represent the largest portion of all revenues listed above. Current year ad valorem tax millage was reduced from 6.79 mills to 6.75 mills; however, ad valorem tax revenues increased 4.90% over the prior year due to new construction and increases in assessed values. Telecommunications tax revenue continued to increase, up 3.97%, as it has consistently done since the City repealed the 10% Utility Tax on local recurring service and implemented the 7% Utility Tax on all telecommunication services in September 1995. Franchise Fee revenue increased significantly, 17.1%, as services were provided to new residents occupying recently completed dwelling units.

Licenses and Permits revenue increased \$96,600, or 8.94%, over the prior year due to increased development activity associated with the City's current unprecedented growth. Intergovernmental Revenues also increased, up 5.17%, in fiscal year 2001 attributable mainly to new public safety and transportation grant awards. Half-Cent Sales Tax and other State shared revenues were basically unchanged. Charges for Services increased 7.71% due to an increase in the customer base for solid waste services. Fines and Forfeitures revenue also increased, up 21.29%, while contributions from private sources increased 377.68% as a result of private donations for the new Paw Park, renovations to Historic Sanford Memorial Stadium, and Sanford youth baseball programs.

Miscellaneous revenues decreased 19.11% in fiscal year 2001. This decrease is attributable to increased prior year revenue resulting from the receipt of \$110,000 from a settlement with a lessee. Revenue received in the current fiscal year resulting from renegotiating the Mayfair Golf Course lease mitigated the decrease. Net interest income decreased 3.79% as a result of the lowering of interest rates as the economy began a slowdown toward a recessionary period.

The following schedule (Schedule 2) presents a summary of expenditures for selected Governmental Funds (General Fund, Local Option Gas Tax Special Revenue Fund, and Debt Service Fund) for the fiscal year ended September 30, 2001 and the amount and percentage increase or decrease in relation to prior year amounts.

Schedule 2

GOVERNMENTAL FUNDS – EXPENDITURES				
	FY 2000	FY 2001	\$ Increase (Decrease)	% Increase (Decrease)
General Government	\$ 3,719,463	\$ 3,674,085	\$ (45,378)	(1.22)%
Public Safety	9,935,823	12,451,068	2,515,245	25.31%
Transportation	2,575,798	2,751,813	176,015	6.83%
Physical Environment	2,627,814	3,264,698	636,884	24.24%
Economic Environment	51,500	67,517	16,017	31.10%
Human Services	73,175	97,752	24,577	33.59%
Culture/Recreation	4,146,799	3,361,197	(785,602)	(18.94)%
Debt Service:				
Principal Retirement	205,000	1,034,775	829,775	404.77%
Interest and Fiscal Charges	99,301	128,033	28,732	28.93%
Totals	\$ 23,434,673	\$ 26,830,938	\$ 3,396,265	14.49%

Fiscal Year 2001 activity produced an overall increase in the above expenditures of 14.49%. General Government expenditures were down slightly, \$45,378 or 1.22%, over the prior year, due to the reallocation of worker's compensation premiums from General Government to appropriate functions based on claim history and a significant prior year expenditure for demolition of a condemned property. This decrease was mitigated by an increase in personnel costs associated with new positions and merit increases.

Public Safety costs increased 25.31%, due to additional personnel and associated salary, benefits, and operating costs to include the reallocation of worker's compensation premiums. Transportation costs, including Local Option Gas Tax expenditures, increased 6.83% due to expenditures for the Sidewalk Rehabilitation Program. Physical Environment expenditures increased 24.24% due to expenditures for the closing of Art Lane Landfill.

Economic Environment expenditures represent aid to local organizations including the Sanford/Seminole Chamber of Commerce and Sanford Main Street and grant funded expenditures for improvements along 13th street. Human Service expenditures relate to midge control along Lake Monroe.

Culture/Recreation expenditures decreased 18.94% as several major recreation facility projects, including the City of Sanford Community Pool and Chase Park Multi-Purpose Recreation Facility, were completed in the prior fiscal year.

Debt Service expenditures increased due to payoff of the 1989 Certificates of Participation. Debt Service expenditures also included the periodic payment on the 2000 Special Facility (Historic Sanford Memorial Stadium) Revenue Bond.

General Fund Balance. The fund balance of the General Fund at September 30, 2001 was \$14,340,872, representing an increase from fiscal year 2000 of \$370,627, which includes a residual equity transfer of \$161,548 from the termination of the General Employees' Pension Fund. Included in the 2001 fund balance is \$2,553,798 reserved for capital projects begun but not yet completed, \$57,484 for inventory, \$2,282 for prepaid expenditures, and \$1,000,000 for site clean-up at a former gas plant owned by the City in the early 1900's. After deduction of these reservations, an undesignated fund balance of \$10,727,308 remains, representing 42.9% of fiscal year 2001 operating expenditures (before transfers) or approximately 5 months of operating cost.

Enterprise Operations. As of September 30, 2001, the City's enterprise operations consisted of three separate and distinct activities: the Water and Sewer Utility Fund, the Stormwater Utility Fund and the Airport Authority.

Operating revenues in the Water and Sewer Utility Fund increased 4.88% in fiscal year 2001 while operating expenses increased 6.47%. \$8,678,561 was expended for capital acquisitions while contributions from developers and other agencies totaled \$5,130,667 for the current fiscal year. These contributions were recorded as non-operating revenues in accordance with GASB Statement 33. The results of current year operations, as well as non-operating revenue and expenses, was an increase in Retained Earnings of \$6,349,851.

Operating revenues in the Stormwater Utility Fund increased 9.24% while operating expenses increased 6.7%. Stormwater service charges are based on a flat rate (\$4 per ERU), while water & sewer charges are based on customer usage. The increase in revenue over expenses resulted in net income and an increase in Retained Earnings of \$437,988. Capital projects totaled \$613,783 for the year due mainly to outlay for the Mill Creek IIIB project which neared completion at fiscal year end.

Pension Trust Funds. Pension plan assets are recorded at fair value for the Police and Fire Retirement Funds. For those two funds, annuity payments to retirees increased by \$158,598 due to continued retirement of Police Officers and Firefighters, refunds of contributions to terminating employees (those with less than ten years service and therefore not vested in the system) decreased \$8,041, and net plan assets held in trust decreased \$2,322,266, or 7.3%.

The City terminated its General Employees' Retirement Plan during the year in favor of rejoining the Florida Retirement System (FRS). Reentry into FRS required the purchase of previous service for employees in the General Employees' Plan in the amount of \$789,029. Excess funds remaining in the plan after purchase of previous service from FRS, totaling \$161,548, were transferred to the General Fund.

Sanford Airport Authority. Operating revenues for the Airport Authority increased \$559,984, or 13.9%, over the prior fiscal year due to an increase in industrial park revenues, aviation rents, domestic terminal revenues, and airfield revenues. The Authority experienced current year operating income before depreciation of \$860,723 due to the aforementioned revenue increases. Retained Earnings increased \$9,354,776 over the prior fiscal year. This increase can be attributed to the implementation of GASB Statement 33 whereby grants and contributions are now recorded as revenue rather than contributed capital (an equity account).

Additionally, the Authority implemented a Passenger Facility Charge of \$1 per passenger resulting in revenue of \$281,612. These charges may only be used for capital expenditures; therefore, \$193,923 was reserved at fiscal year end for future capital projects.

Community Redevelopment Agency. The Community Redevelopment Agency of the City of Sanford (a discretely presented component unit) reported revenues from ad valorem taxes of \$499,017 and interest earnings of \$25,351 for the current fiscal year. During fiscal year 1994, the Agency issued Revenue Bonds Series 1994A for \$6,000,000 dated August 1, 1994. Series 1994B Bonds totaling \$1,100,000 were issued on October 18, 1994. Of the remaining \$2,900,000 authorized but unissued bonds, \$1,200,000 have been cancelled. A principal payment of \$200,000 and interest payments and fiscal charges of \$328,962 were made on the Series 1994A bonds during the fiscal year. No funds were available for payment on the series 1994B bonds.

Debt Administration. As of September 30, 2001, Sanford continues to have no general obligation bonded debt outstanding. Governmental Funds had a liability for compensated absences of \$1,095,246 for vested sick and vacation leave benefits, \$145,675 as a current liability and \$949,571 as a long term liability recorded in the General Long Term Debt Account Group.

During fiscal year 2000, the City issued Special Facility Revenue Bonds Series 2000 for \$1,750,000 with an interest rate of 5.6%. These funds were used for the completion of renovations to Historic Sanford Memorial Stadium. A principal payment of \$75,000 and interest payments totaling \$95,900 were made during the fiscal year.

During fiscal year 1990, the City issued \$3,385,000 of Certificates of Participation. Funds were used to purchase necessary capital equipment for use in the General Fund and Solid Waste Fund. This debt was issued for a 15-year term. The City of Sanford Finance Corporation, of which the City Commission is the Board of Directors, was established to issue the debt and lease the equipment to the City. This debt was paid off with General Fund reserves appropriated by the City Commission on the call date of April 1, 2001 in the amount of \$959,775. This amount included \$955,000 principal and \$4,775 call premium. This call on the COP's resulted in net savings of approximately \$170,000 over the life of the bonds.

During fiscal year 1994, the City issued \$25,605,000 in Water and Sewer Refunding Revenue Bonds, Series 1993 with interest rates from 2.75% to 5.25%. These bonds were issued to defease the outstanding Series 1986, Series 1989 and Series 1991 bonds and to pay costs of issuance of the Series 1993 Bonds, including the municipal bond insurance premium. On September 30, 2001, the net Enterprise Fund Revenue Bonds outstanding were \$29,913,301 payable solely from and secured by the net revenue derived from the operations of the System and Water and Sewer System Development Charges. All bonds were fully insured and rated AAA by Standard & Poor's Corporation and Aaa by Moody's Investors Service.

The City has been granted four Department of Environmental Protection State Revolving Fund (SRF) Loans. These loans consist of SRF 150 for \$1,712,730 in fiscal year 1991; SRF 170 for \$4,929,600 in fiscal year 1992 (increased to \$5,790,256 in fiscal year 1993); SRF 210 for \$1,565,000 in fiscal year 1993; and SRF 190 for \$500,166 in fiscal year 1994. SRF 150 was used for construction of a master pumping station. SRF 170 was used toward the Seasonal Discharge System, Wastewater Treatment Plant Expansion and Westerly Interceptor Contract I. SRF 210 was used solely for the Westerly Interceptor Project and SRF 190 was used solely for the Site 10 project. These are low interest loans with rates approximately 3% below the market rate for general obligation bonds as set by the Bond Buyer's 20-year bond Index. Additionally, during fiscal year 2000, the City began drawdowns on a reimbursable basis for two additional SRF loans to fund construction of the state-of-the-art wastewater treatment facility and various potable water relocation projects. The two new loans will total approximately \$27 million at completion of the projects, which is anticipated in fiscal year 2003. Outstanding principal on existing and new SRF loans at September 30, 2001 was \$11,953,195.

During fiscal year 1998, the City authorized the issuance of a Stormwater Revenue Bond, Series 1998, not to exceed \$4,200,000 for a term of 15 years, with a fixed interest rate of 4.45%. Funds totaling \$3,653,500 were drawn against the authorized bond leaving an available balance of \$546,500 for future projects. The draw was used to fund the Second Street Stormwater Drainage Improvement Project and certain phases of the Mill Creek drainage improvement project. A balance of \$3,044,695 was outstanding at September 30, 2001.

Cash Management. 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 \$2,248,810 with interest rates ranging from 3.46% to 6.68%, with an average rate of 5.17%. Total SBA investments for the primary government only at September 30, 2001 was \$42,427,594. SBA's portfolio for local governments does not use leverage in its investing practices nor does it own derivatives. Investment instruments typically have a fairly short average maturity, reducing interest rate sensitivity. SBA's pool was comprised of 760 local government participants with total investments of approximately \$20 billion at June 30, 2001, the pool's fiscal year end.

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 \$17,874,254 at September 30, 2001. The Firefighters' investment portfolio includes the same type instruments, with the exception of international stocks, with a combined market value of \$11,790,111 at September 30, 2001. The rate of return net of investment related expenses for fiscal year 2001 was -8.1% for the Police Officers' Fund and -2.2% for the Firefighters' Fund.

Risk Management. The City is self insured for workers' compensation with a deductible of \$150,000 per incident, but carries catastrophic workers' compensation insurance coverage for claims up to the statutory limit. Employee medical and life insurance is obtained through Aetna Insurance Company. Currently, the City is self-insured for all property damage to City vehicles costing less than \$50,000. All general liability, auto liability and property insurance is obtained through a private carrier with the City maintaining self-insured retention of \$100,000. Self-Insurance is administered through an Internal Service Fund.

Other Information

Independent Audit. State statutes and local ordinances require an annual audit by independent certified public accountants. The accounting firm of Greene, Dycus & Co., P.A. performs the City's audit. In addition to meeting the requirements set forth in state statutes and local ordinances, the audit also was designed to meet the requirements of the federal Single Audit Act of 1996 and related OMB Circular A-133. Generally accepted auditing standards and the standards set forth in the General Accounting Office's *Government Auditing Standards* were used by the auditors in conducting the engagement. The auditors' report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the Compliance section.

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sanford for its comprehensive annual financial report for the fiscal year ended September 30, 2000. This was the twelfth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

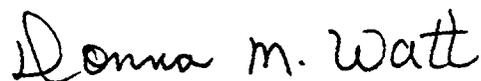
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments. The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report as does our accounting firm, Greene, Dycus & Co. P.A. We would also like to acknowledge the Mayor and City Commission for their continued support and adoption of sound fiscal policy for the financial operations of the City.

Respectfully submitted,

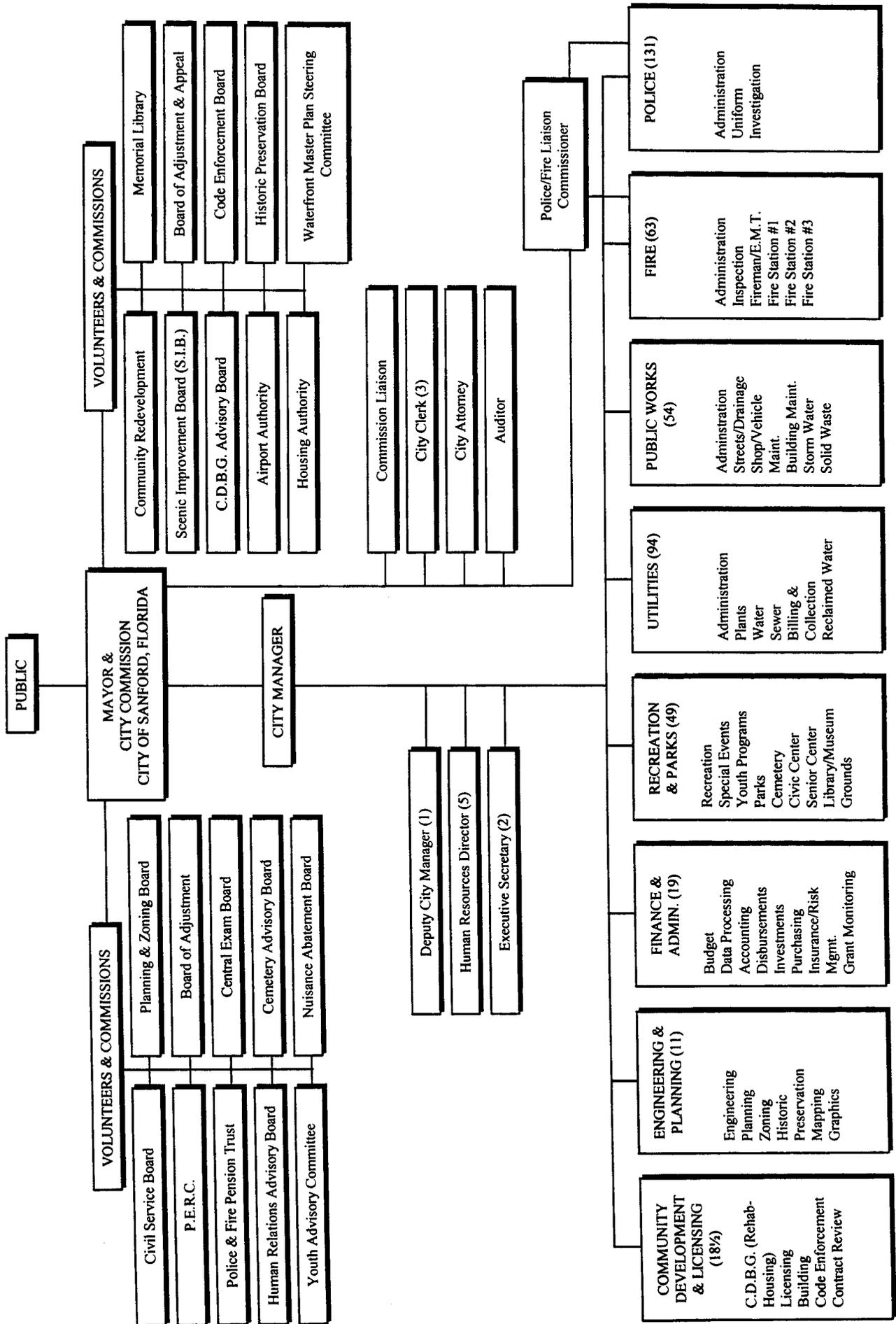


Tony VanDerworp, AICP
City Manager



Donna M. Watt, CPA, CGFO
Director of Finance &
Administrative Services

City of Sanford Organizational Chart



CITY OF SANFORD, FLORIDA

PRINCIPAL OFFICIALS

MAYOR

M. Brady Lessard

COMMISSIONERS

Herbert “Whitey” Eckstein

Art Woodruff

Randy Jones

Velma H. Williams, Ph.D

STAFF

Tony M. VanDerworp, City Manager

Donna M. Watt, Director of Finance & Administrative Services

Roger Dixon, Deputy City Manager

Janet R. Dougherty, City Clerk

Jay Marder, Director of Engineering & Planning

William M. Kirby, Director of Parks & Recreation

Robert G. Herman, Director of Public Works

Paul Moore, Director of Utilities

Charles Rowe, Director of Community Development

Joe Denaro, Director of Human Resources

Brian F. Tooley, Police Chief

J. Thomas Hickson, 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, 2000

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.



Timothy A. Arave
President

Jeffrey L. Essler
Executive Director





INDEPENDENT AUDITORS' REPORT

Honorable Mayor, City Commissioners
and City Manager
City of Sanford, Florida

We have audited the accompanying general-purpose financial statements and the combining and individual fund and account group financial statements of the City of Sanford, Florida (the "City"), as of and for the year ended September 30, 2001, 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 U.S. generally accepted auditing standards 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 opinion.

In our opinion, based on our audit and the report of other auditors, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City, as of September 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the combining and individual fund and account group financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds and account groups of the City, as of September 30, 2001, and the results of operations of such funds and the cash flows of individual proprietary fund types for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 22, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* as of October 1, 2000. This results in a change in the City's method of accounting for certain nonexchange transactions.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2001 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 grants. 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.

As discussed in Note 18 to the general-purpose financial statements, the City may be liable for a portion of the cost of investigation and clean up of environmental contamination caused by a manufactured gas plant. The ultimate cost to the City resulting from the above action cannot presently be determined. Accordingly, no provision for any liability that may result from this matter has been made in the accompanying financial statements.

The required supplemental information as listed in the table of contents is not a required part of the general-purpose financial statements or the combining and individual fund and account group financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements of the City taken as a whole and on the combining and individual fund and account group financial statements. The accompanying Schedule of Expenditures of Federal Awards and Schedule of Federal Guaranteed Loans are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and are not a required part of the financial statements of the City. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose, combining and individual fund and account group financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements of each of the respective individual funds and account groups taken as a whole.

The information presented in the statistical section is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements or the combining and individual fund and account group financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the general-purpose financial statements or the combining and individual fund and account group financial statements and, accordingly, we express no opinion on it.

Greene, Dyous & Co.

Professional Association
Certified Public Accountants
Sanford, Florida
December 7, 2001

CITY OF SANFORD, FLORIDA
GENERAL-PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS – OVERVIEW)

These general-purpose financial statements provide an overview of the financial position of all fund types, account groups and discretely presented component units, as well as the operating results of all funds. They also serve as an introduction to the more detailed statements and schedules that are in the following subsections.

CITY OF SANFORD, FLORIDA

COMBINED BALANCE SHEET

**ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED
COMPONENT UNITS**

September 30, 2001

	PRIMARY					
	Governmental Fund Types			Proprietary Fund Types		
Assets and Other Debits	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
Cash and cash equivalents	\$ 14,442,447	\$ 4,357,665	\$ -	\$ 327,009	\$ 6,558,896	\$ 1,319,221
Investments	-	-	-	-	-	-
Accounts receivable - net	982,273	-	-	-	1,631,599	-
Due from other funds	291,376	13,942	-	-	-	-
Due from other governments	552,096	184,212	-	359,118	866,336	-
Inventories	57,484	-	-	-	-	-
Prepaid expenditures/expenses or other assets	2,282	-	-	-	950,000	-
Restricted cash and cash equivalents	66,965	-	-	-	15,726,721	-
Property plant and equipment	-	-	-	-	85,670,766	-
Unamortized bond costs	-	-	-	-	1,896,962	-
Irrigation rights, net	-	-	-	-	1,309,800	-
Amount to be provided for retirement of general long term debt	-	-	-	-	-	-
Total Assets and Other Debits	\$ 16,394,923	\$ 4,555,819	\$ -	\$ 686,127	\$114,611,080	\$ 1,319,221

See accompanying notes to financial statements.

GOVERNMENT			COMPONENT UNITS			
Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	Governmental Fund Type	Proprietary Fund Type	Totals (Memorandum Only)
	General Fixed Assets	General Long-term Debt	Primary Government			Reporting Entity
Trust				Sanford CRA	Airport Authority	
\$ 639,526	\$ -	\$ -	\$ 27,644,764	\$ 461,600	\$ 1,069,775	\$ 29,176,139
29,664,365	-	-	29,664,365	-	-	29,664,365
-	-	-	2,613,872	-	278,066	2,891,938
35,987	-	-	341,305	-	-	341,305
-	-	-	1,961,762	-	930,984	2,892,746
-	-	-	57,484	-	-	57,484
-	-	-	952,282	-	8,907	961,189
-	-	-	15,793,686	-	234,650	16,028,336
-	32,312,296	-	117,983,062	-	66,241,579	184,224,641
-	-	-	1,896,962	-	-	1,896,962
-	-	-	1,309,800	-	-	1,309,800
-	-	2,624,571	2,624,571	6,495,000	-	9,119,571
<u>\$ 30,339,878</u>	<u>\$ 32,312,296</u>	<u>\$ 2,624,571</u>	<u>\$ 202,843,915</u>	<u>\$ 6,956,600</u>	<u>\$ 68,763,961</u>	<u>\$ 278,564,476</u>

Continued on next page.

CITY OF SANFORD, FLORIDA

COMBINED BALANCE SHEET - CONTINUED

**ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED
COMPONENT UNITS**

September 30, 2001

Liabilities, Fund Equity and Other Credits	PRIMARY					
	Governmental Fund Types			Proprietary Fund Types		
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
Liabilities:						
Accounts payable	\$ 738,138	\$ 109,796	\$ -	\$ 502,347	\$ 851,086	\$ 19,894
Accrued liabilities	549,452	-	-	-	129,235	-
Accrued interest payable	-	-	-	-	110,165	-
Due to other funds	45,466	29,796	-	266,043	-	-
Due to other governments	5,024	-	-	-	2,504	-
Deferred revenues	503,331	30,175	-	-	34,225	-
Notes and contracts payable - current	-	-	-	-	444,425	-
Liabilities payable from restricted assets	66,965	-	-	-	813,119	-
Accrued compensated absences	145,675	-	-	-	237,701	-
Notes, loans and contracts payable	-	-	-	-	11,508,770	-
Bonds payable	-	-	-	-	33,859,695	-
Claims payable	-	-	-	-	-	1,126,191
Total liabilities	<u>2,054,051</u>	<u>169,767</u>	<u>-</u>	<u>768,390</u>	<u>47,990,925</u>	<u>1,146,085</u>
Fund Equity and Other Credits:						
Investment in general fixed assets	-	-	-	-	-	-
Contributions	-	-	-	-	42,667,226	25,621
Retained Earnings:						
Reserved	-	-	-	-	699,386	147,515
Unreserved	-	-	-	-	23,253,543	-
Fund Balances (Deficit):						
Reserved	3,613,564	-	-	-	-	-
Unreserved:						
Designated	-	-	-	-	-	-
Undesignated	10,727,308	4,386,052	-	(82,263)	-	-
Total fund equity and other credits	<u>14,340,872</u>	<u>4,386,052</u>	<u>-</u>	<u>(82,263)</u>	<u>66,620,155</u>	<u>173,136</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$ 16,394,923</u>	<u>\$ 4,555,819</u>	<u>\$ -</u>	<u>\$ 686,127</u>	<u>\$114,611,080</u>	<u>\$ 1,319,221</u>

See accompanying notes to financial statements.

GOVERNMENT			COMPONENT UNITS			
Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	Governmental Fund Type	Proprietary Fund Type	Totals (Memorandum Only)
	General Fixed Assets	General Long-term Debt	Primary Government	Sanford CRA	Airport Authority	Reporting Entity
\$ 45,893	\$ -	\$ -	\$ 2,267,154	\$ -	\$ 335,123	\$ 2,602,277
-	-	-	678,687	-	-	678,687
-	-	-	110,165	-	-	110,165
-	-	-	341,305	-	-	341,305
-	-	-	7,528	-	-	7,528
-	-	-	567,731	-	902,879	1,470,610
-	-	-	444,425	-	3,781,309	4,225,734
-	-	-	880,084	-	744,075	1,624,159
-	-	949,571	1,332,947	-	131,661	1,464,608
-	-	-	11,508,770	-	16,514,020	28,022,790
-	-	1,675,000	35,534,695	6,495,000	-	42,029,695
-	-	-	1,126,191	-	-	1,126,191
<u>45,893</u>	<u>-</u>	<u>2,624,571</u>	<u>54,799,682</u>	<u>6,495,000</u>	<u>22,409,067</u>	<u>83,703,749</u>
-	32,312,296	-	32,312,296	-	-	32,312,296
-	-	-	42,692,847	-	32,527,652	75,220,499
-	-	-	846,901	-	234,650	1,081,551
-	-	-	23,253,543	-	13,592,592	36,846,135
30,075,665	-	-	33,689,229	-	-	33,689,229
218,320	-	-	218,320	-	-	218,320
-	-	-	15,031,097	461,600	-	15,492,697
<u>30,293,985</u>	<u>32,312,296</u>	<u>-</u>	<u>148,044,233</u>	<u>461,600</u>	<u>46,354,894</u>	<u>194,860,727</u>
<u>\$ 30,339,878</u>	<u>\$ 32,312,296</u>	<u>\$ 2,624,571</u>	<u>\$ 202,843,915</u>	<u>\$ 6,956,600</u>	<u>\$ 68,763,961</u>	<u>\$ 278,564,476</u>

CITY OF SANFORD, FLORIDA

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES**

**ALL GOVERNMENTAL FUND TYPES, EXPENDABLE TRUST FUNDS AND
DISCRETELY PRESENTED COMPONENT UNIT**

Year Ended September 30, 2001

	PRIMARY			
	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues:				
Taxes	\$ 14,130,587	\$ 807,576	\$ -	\$ 833,401
Licenses and permits	1,177,175	-	-	-
Intergovernmental revenues	4,131,529	388,902	-	-
Charges for services	4,379,973	-	-	-
Fines and forfeitures	248,409	917,480	-	-
Impact fees	-	717,092	-	-
Contributions	31,947	-	-	-
Interest earnings	914,281	196,939	17,646	64,142
Administrative services	832,753	-	-	-
Miscellaneous revenue	245,537	2,691	-	-
Sale of cemetery plots	-	-	-	-
Total Revenues	26,092,191	3,030,680	17,646	897,543
Expenditures:				
Current:				
General government	3,570,516	-	-	-
Public safety	11,373,854	47,806	-	-
Transportation	1,785,693	638,714	-	880,010
Physical environment	3,264,698	-	-	-
Economic environment	63,512	359,679	-	-
Human services	97,752	-	-	-
Culture / Recreation	2,964,217	-	-	2,094,180
Capital Outlay	1,909,174	-	-	-
Debt Service:				
Principal	-	-	1,034,775	-
Interest and fiscal charges	-	-	128,033	-
Total Expenditures	25,029,416	1,046,199	1,162,808	2,974,190
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,062,775	1,984,481	(1,145,162)	(2,076,647)
Other Financing Sources (Uses):				
Operating transfer to component unit	(135,902)	-	-	-
Operating transfer from primary government	-	-	-	-
Operating transfers in	383,445	-	778,835	261,942
Operating transfers out	(1,101,239)	(383,445)	-	-
Total Other Financing Sources (Uses):	(853,696)	(383,445)	778,835	261,942
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	209,079	1,601,036	(366,327)	(1,814,705)
Fund Balances, October 1, 2000	13,970,245	2,785,016	366,327	1,732,442
Residual equity transfer	161,548	-	-	-
Fund Balances (Deficit), September 30, 2001	\$ 14,340,872	\$ 4,386,052	\$ -	\$ (82,263)

See accompanying notes to financial statements.

GOVERNMENT		COMPONENT UNIT	
Fiduciary Fund Type	Totals (Memorandum Only)	Governmental Fund Type	Totals (Memorandum Only)
Expendable Trust	Primary Government	Sanford CRA	Reporting Entity
\$ -	\$ 15,771,564	\$ 499,017	\$ 16,270,581
-	1,177,175	-	1,177,175
-	4,520,431	-	4,520,431
-	4,379,973	-	4,379,973
-	1,165,889	-	1,165,889
-	717,092	-	717,092
-	31,947	-	31,947
10,942	1,203,950	25,351	1,229,301
-	832,753	-	832,753
-	248,228	-	248,228
17,750	17,750	-	17,750
<u>28,692</u>	<u>30,066,752</u>	<u>524,368</u>	<u>30,591,120</u>
-	3,570,516	-	3,570,516
-	11,421,660	-	11,421,660
-	3,304,417	-	3,304,417
-	3,264,698	-	3,264,698
-	423,191	-	423,191
-	97,752	-	97,752
-	5,058,397	-	5,058,397
-	1,909,174	-	1,909,174
-	1,034,775	200,000	1,234,775
-	128,033	328,962	456,995
-	<u>30,212,613</u>	<u>528,962</u>	<u>30,741,575</u>
<u>28,692</u>	<u>(145,861)</u>	<u>(4,594)</u>	<u>(150,455)</u>
-	(135,902)	-	(135,902)
-	-	135,902	135,902
-	1,424,222	-	1,424,222
-	<u>(1,484,684)</u>	-	<u>(1,484,684)</u>
-	<u>(196,364)</u>	<u>135,902</u>	<u>(60,462)</u>
28,692	(342,225)	131,308	(210,917)
610,834	19,464,864	330,292	19,795,156
-	161,548	-	161,548
<u>\$ 639,526</u>	<u>\$ 19,284,187</u>	<u>\$ 461,600</u>	<u>\$ 19,745,787</u>

CITY OF SANFORD, FLORIDA

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL**

PRIMARY GOVERNMENT

ALL BUDGETED GOVERNMENTAL FUND TYPES

Year Ended September 30, 2001

	General			Special Revenue Local Option Gas Tax		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$13,612,637	\$14,130,587	\$ 517,950	\$ 825,000	\$ 807,576	\$ (17,424)
Licenses and permits	938,180	1,177,175	238,995	-	-	-
Intergovernmental revenues	4,786,222	4,131,529	(654,693)	-	-	-
Charges for services	4,074,261	4,379,973	305,712	-	-	-
Fines and forfeitures	176,700	248,409	71,709	-	-	-
Contributions	26,465	31,947	5,482	-	-	-
Interest	864,500	914,281	49,781	46,000	55,693	9,693
Administrative services	832,753	832,753	-	-	-	-
Miscellaneous revenue	185,453	245,537	60,084	-	-	-
Total Revenues	<u>25,497,171</u>	<u>26,092,191</u>	<u>595,020</u>	<u>871,000</u>	<u>863,269</u>	<u>(7,731)</u>
Expenditures:						
Current:						
General government	4,117,481	3,674,085	443,396	-	-	-
Public safety	13,267,326	12,451,068	816,258	-	-	-
Transportation	3,812,923	2,113,099	1,699,824	1,504,656	638,714	865,942
Physical environment	3,378,634	3,264,698	113,936	-	-	-
Economic environment	776,500	67,517	708,983	-	-	-
Human services	190,500	97,752	92,748	-	-	-
Culture / Recreation	3,776,987	3,361,197	415,790	-	-	-
Total Expenditures	<u>29,320,351</u>	<u>25,029,416</u>	<u>4,290,935</u>	<u>1,504,656</u>	<u>638,714</u>	<u>865,942</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,823,180)</u>	<u>1,062,775</u>	<u>4,885,955</u>	<u>(633,656)</u>	<u>224,555</u>	<u>858,211</u>
Other Financing Sources (Uses):						
Operating transfer to component unit	(135,902)	(135,902)	-	-	-	-
Operating transfers in	383,445	383,445	-	-	-	-
Operating transfers out	(1,112,441)	(1,101,239)	11,202	-	-	-
Total Other Financing Sources (Uses)	<u>(864,898)</u>	<u>(853,696)</u>	<u>11,202</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(4,688,078)</u>	<u>209,079</u>	<u>4,897,157</u>	<u>(633,656)</u>	<u>224,555</u>	<u>858,211</u>
Fund Balances, October 1, 2000	4,526,530	13,970,245	9,443,715	633,656	911,480	277,824
Residual equity transfer	<u>161,548</u>	<u>161,548</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, September 30, 2001	<u>\$ -</u>	<u>\$ 14,340,872</u>	<u>\$ 14,340,872</u>	<u>\$ -</u>	<u>\$ 1,136,035</u>	<u>\$ 1,136,035</u>

See accompanying notes to financial statements.

Debt Service			Capital Projects Stadium Renovation			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$14,437,637	\$14,938,163	\$ 500,526
-	-	-	-	-	-	938,180	1,177,175	238,995
-	-	-	-	-	-	4,786,222	4,131,529	(654,693)
-	-	-	-	-	-	4,074,261	4,379,973	305,712
-	-	-	-	-	-	176,700	248,409	71,709
-	-	-	-	-	-	26,465	31,947	5,482
-	17,646	17,646	64,300	64,142	(158)	974,800	1,051,762	76,962
-	-	-	-	-	-	832,753	832,753	-
-	-	-	-	-	-	185,453	245,537	60,084
-	17,646	17,646	64,300	64,142	(158)	26,432,471	27,037,248	604,777
1,174,722	1,162,808	11,914	-	-	-	5,292,203	4,836,893	455,310
-	-	-	-	-	-	13,267,326	12,451,068	816,258
-	-	-	-	-	-	5,317,579	2,751,813	2,565,766
-	-	-	-	-	-	3,378,634	3,264,698	113,936
-	-	-	-	-	-	776,500	67,517	708,983
-	-	-	-	-	-	190,500	97,752	92,748
-	-	-	2,095,006	2,094,180	826	5,871,993	5,455,377	416,616
1,174,722	1,162,808	11,914	2,095,006	2,094,180	826	34,094,735	28,925,118	5,169,617
(1,174,722)	(1,145,162)	29,560	(2,030,706)	(2,030,038)	668	(7,662,264)	(1,887,870)	5,774,394
-	-	-	-	-	-	(135,902)	(135,902)	-
808,395	778,835	(29,560)	262,610	261,942	(668)	1,454,450	1,424,222	(30,228)
-	-	-	-	-	-	(1,112,441)	(1,101,239)	11,202
808,395	778,835	(29,560)	262,610	261,942	(668)	206,107	187,081	(19,026)
(366,327)	(366,327)	-	(1,768,096)	(1,768,096)	-	(7,456,157)	(1,700,789)	5,755,368
366,327	366,327	-	1,768,096	1,768,096	-	7,294,609	17,016,148	9,721,539
-	-	-	-	-	-	161,548	161,548	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$15,476,907	\$15,476,907

CITY OF SANFORD, FLORIDA

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS**

**ALL PROPRIETARY FUND TYPES AND
DISCRETELY PRESENTED COMPONENT UNIT**

Year Ended September 30, 2001

	PRIMARY GOVERNMENT			COMPONENT UNIT	Totals
	Proprietary Fund Types		Totals (Memorandum Only)	Proprietary Fund Type	(Memorandum Only)
	Enterprise	Internal Service	Primary Government	Airport Authority	Reporting Entity
Operating Revenues:					
Charges for services	\$ 11,160,974	\$ 1,115,296	\$ 12,276,270	\$ 4,601,615	\$ 16,877,885
Total Operating Revenues	<u>11,160,974</u>	<u>1,115,296</u>	<u>12,276,270</u>	<u>4,601,615</u>	<u>16,877,885</u>
Operating Expenses:					
Personal services	3,713,615	-	3,713,615	2,110,417	5,824,032
Materials, supplies and maintenance	2,391,302	-	2,391,302	785,061	3,176,363
Other service charges	1,027,624	1,321,149	2,348,773	845,414	3,194,187
Depreciation	1,775,783	-	1,775,783	2,249,167	4,024,950
Amortization	88,800	-	88,800	-	88,800
Total Operating Expenses	<u>8,997,124</u>	<u>1,321,149</u>	<u>10,318,273</u>	<u>5,990,059</u>	<u>16,308,332</u>
Operating Income (Loss)	<u>2,163,850</u>	<u>(205,853)</u>	<u>1,957,997</u>	<u>(1,388,444)</u>	<u>569,553</u>
Non Operating Revenues (Expenses):					
Interest income	1,152,832	51,864	1,204,696	122,667	1,327,363
Other income	391,400	218,856	610,256	-	610,256
Passenger facility charges	-	-	-	281,612	281,612
Capital contributions	5,130,667	-	5,130,667	9,690,855	14,821,522
Operating grants	-	-	-	219,630	219,630
Grant project expenses	-	-	-	(538,833)	(538,833)
Interest expense	(1,996,645)	-	(1,996,645)	(279,570)	(2,276,215)
Amortization of debt costs	(114,727)	-	(114,727)	-	(114,727)
Total Non Operating Revenues (Expenses)	<u>4,563,527</u>	<u>270,720</u>	<u>4,834,247</u>	<u>9,496,361</u>	<u>14,330,608</u>
Other financing sources:					
Operating transfers in	<u>60,462</u>	<u>-</u>	<u>60,462</u>	<u>-</u>	<u>60,462</u>
Net Income	<u>6,787,839</u>	<u>64,867</u>	<u>6,852,706</u>	<u>8,107,917</u>	<u>14,960,623</u>
Add: Depreciation on property, plant and equipment acquired by contributed capital	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,246,859</u>	<u>1,246,859</u>
Increase in Retained Earnings	<u>6,787,839</u>	<u>64,867</u>	<u>6,852,706</u>	<u>9,354,776</u>	<u>16,207,482</u>
Retained Earnings, October 1, 2000	<u>17,165,090</u>	<u>82,648</u>	<u>17,247,738</u>	<u>4,472,466</u>	<u>21,720,204</u>
Retained Earnings, September 30, 2001	<u>\$ 23,952,929</u>	<u>\$ 147,515</u>	<u>\$ 24,100,444</u>	<u>\$ 13,827,242</u>	<u>\$ 37,927,686</u>

See accompanying notes to financial statements.

CITY OF SANFORD, FLORIDA

COMBINED STATEMENT OF CHANGES IN PLAN NET ASSETS

PENSION TRUST FUNDS

Year Ended September 30, 2001

Additions:	
Contributions:	
Employer	\$ 636,127
State	295,621
Plan members and others	356,858
Total contributions	<u>1,288,606</u>
Investment income:	
Net decrease in fair value of investments	(2,353,995)
Dividends	165,436
Interest	507,233
	<u>(1,681,326)</u>
Less investment expenses:	
Custodian and investment management fees	173,893
Net investment income	<u>(1,855,219)</u>
Other Income:	
Miscellaneous income	53,008
Total other income	<u>53,008</u>
Total additions	<u>(513,605)</u>
Deductions:	
Benefits	1,581,083
Refunds of contributions	74,974
Payment to FRS for past service	789,029
Other services and charges	40,744
Total deductions	<u>2,485,830</u>
Net decrease in plan assets	(2,999,435)
Net Assets Held in Trust for Pension Benefits:	
Beginning of year	32,815,442
Residual equity transfer	<u>(161,548)</u>
End of year	<u>\$ 29,654,459</u>

See accompanying notes to financial statements.

CITY OF SANFORD, FLORIDA

COMBINED STATEMENT OF CASH FLOWS

**ALL PROPRIETARY FUND TYPES AND
DISCRETELY PRESENTED COMPONENT UNIT**

Year Ended September 30, 2001

	PRIMARY GOVERNMENT			COMPONENT UNIT	Totals
	Proprietary Fund Types		Totals (Memorandum Only)	Proprietary Fund Type	(Memorandum Only)
	Enterprise	Internal Service	Primary Government	Airport Authority	Reporting Entity
Cash Flows from Operating Activities:					
Cash received from customers	\$ 10,830,211	\$ 1,115,296	\$ 11,945,507	\$ 4,588,855	\$ 16,534,362
Cash payments to suppliers for goods and services	(3,196,920)	(1,185,720)	(4,382,640)	(1,467,332)	(5,849,972)
Cash payments to employees for services	(3,690,775)	-	(3,690,775)	(2,087,579)	(5,778,354)
Other revenues	377,964	218,856	596,820	-	596,820
Net cash provided by operating activities	<u>4,320,480</u>	<u>148,432</u>	<u>4,468,912</u>	<u>1,033,944</u>	<u>5,502,856</u>
Cash Flows from Noncapital Financing Activities:					
(Decrease) in due from other funds	(538,669)	-	(538,669)	-	(538,669)
Increase in due to other governments	1,231	-	1,231	-	1,231
Operating transfers in from other funds	60,462	-	60,462	-	60,462
Net cash provided (used) by noncapital financing activities	<u>(476,976)</u>	<u>-</u>	<u>(476,976)</u>	<u>-</u>	<u>(476,976)</u>
Cash Flows from Capital and Related Financing Activities:					
Capital contributed by other governments and developers	5,130,667	-	5,130,667	9,473,794	14,604,461
Increase (decrease) in deferred revenues	-	-	-	(1,431,899)	(1,431,899)
Acquisition and construction of capital assets	(9,292,344)	-	(9,292,344)	(17,249,385)	(26,541,729)
Proceeds from sale of property, plant and equipment	304,117	-	304,117	-	304,117
Proceeds from loans	3,316,077	-	3,316,077	8,312,000	11,628,077
Principal paid on revenue bonds	(1,092,030)	-	(1,092,030)	-	(1,092,030)
Principal paid on notes and capital lease obligation	(429,390)	-	(429,390)	(5,060,576)	(5,489,966)
Passenger facility charges received	-	-	-	210,610	210,610
Grant project expenses	-	-	-	(538,833)	(538,833)
Interest paid on revenue bonds, notes payable and capital lease obligations	(1,996,645)	-	(1,996,645)	(449,820)	(2,446,465)
Net cash provided (used) by capital and related financing activities	<u>(4,059,548)</u>	<u>-</u>	<u>(4,059,548)</u>	<u>(6,734,109)</u>	<u>(10,793,657)</u>
Cash Flows from Investing Activities:					
Amounts due grantor for earnings on restricted assets	-	-	-	63,850	63,850
Interest income	1,152,832	51,864	1,204,696	122,667	1,327,363
Net cash provided by investing activities	<u>1,152,832</u>	<u>51,864</u>	<u>1,204,696</u>	<u>186,517</u>	<u>1,391,213</u>
Net Increase (Decrease) in Cash and Cash Equivalents	936,788	200,296	1,137,084	(5,513,648)	(4,376,564)
Cash and Cash Equivalents at Beginning of Year	21,348,829	1,118,925	22,467,754	6,818,073	29,285,827
Cash and Cash Equivalents at End of Year	\$ 22,285,617	\$ 1,319,221	\$ 23,604,838	\$ 1,304,425	\$ 24,909,263
Cash and Cash Equivalents Classified as:					
Current assets	\$ 6,558,896	\$ 1,319,221	\$ 7,878,117	\$ 1,069,775	\$ 8,947,892
Restricted assets	15,726,721	-	15,726,721	234,650	15,961,371
	<u>\$ 22,285,617</u>	<u>\$ 1,319,221</u>	<u>\$ 23,604,838</u>	<u>\$ 1,304,425</u>	<u>\$ 24,909,263</u>

See accompanying notes to financial statements.

CITY OF SANFORD, FLORIDA

COMBINED STATEMENT OF CASH FLOWS - CONTINUED

**ALL PROPRIETARY FUND TYPES AND
DISCRETELY PRESENTED COMPONENT UNIT**

Year Ended September 30, 2001

	PRIMARY GOVERNMENT			COMPONENT UNIT	Totals
	Proprietary Fund Types		Totals (Memorandum Only)	Proprietary Fund Type	(Memorandum Only)
	Enterprise	Internal Service	Primary Government	Airport Authority	Reporting Entity
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Income					
Operating Income (Loss)	\$ 2,163,850	\$ (205,853)	\$ 1,957,997	\$ (1,388,444)	\$ 569,553
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	1,775,783	-	1,775,783	2,249,167	4,024,950
Amortization of irrigation rights	88,800	-	88,800	-	88,800
Provision for uncollectible accounts	31,667	-	31,667	20,000	51,667
Other non-operating income	377,964	218,856	596,820	-	596,820
Changes in operating assets and liabilities:					
Accounts receivable	(399,900)	-	(399,900)	8,912	(390,988)
Prepaid expenses	10,000	6,459	16,459	(3,242)	13,217
Accounts payable	212,006	19,894	231,900	146,385	378,285
Accrued liabilities	1,374	109,076	110,450	-	110,450
Deferred revenue	244	-	244	(21,672)	(21,428)
Customer deposits	37,226	-	37,226	-	37,226
Compensated absences	21,466	-	21,466	22,838	44,304
Total adjustments	2,156,630	354,285	2,510,915	2,422,388	4,933,303
Net Cash Provided by Operating Activities	\$ 4,320,480	\$ 148,432	\$ 4,468,912	\$ 1,033,944	\$ 5,502,856
Noncash Capital and Related Financing Activities:					
Decrease in accounts payable for acquisition of property and equipment	\$ -	\$ -	\$ -	\$ (3,821,632)	\$ (3,821,632)

See accompanying notes to financial statements.



CITY OF SANFORD, FLORIDA

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2001

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 U.S. generally accepted accounting principles 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 and account groups 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 U.S. generally accepted accounting principles, 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 no separate note reference is made, the user should assume that information presented is equally applicable to both the primary government and the discretely presented component units.

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

(1) Blended Component Unit:

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

CITY OF SANFORD, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2001

1. Summary of Significant Accounting Policies - Continued:

A. Reporting Entity - Continued:

(2) Discretely Presented Component Units:

The Sanford Airport Authority - The Sanford Airport Authority (the "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 Authority and approves the Authority's annual operating budget, as well as any budget adjustments or amendments. Separate financial statements of the Authority can be obtained from the Authority.

The City of Sanford Community Redevelopment Agency - The City of Sanford Community Redevelopment Agency (the "Sanford CRA") pursuant to Section 163.356, Florida Statutes was established by City Ordinance No. 3282 and County Ordinance No. 95-R-246. The Sanford CRA was established to enhance selected areas of the City. The Seminole Towne Center, Lake Monroe Waterfront, and Downtown Sanford Community Redevelopment areas are the currently active projects undertaken by the City. The Sanford CRA 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 district known as Seminole Towne Center was established in 1993 with the City Commission as the agency. The Sanford CRA's financial records were presented as a blended component unit of the City, since only the City provided tax increment revenue. 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. The composition of the five-member board was changed to allow for appointment of two members by Seminole County. The City Commission confirms the appointments made by Seminole County. Financial statement presentation was changed to present the Sanford CRA as a discretely presented component unit. Taxes are to be used for payment of infrastructure improvement projects and debt service on loans. Financial records are maintained by the City. No separate financial statements are prepared for the Sanford CRA.

(3) Excluded from the reporting entity:

Sanford Housing Authority - The Sanford Housing Authority (the "Housing Authority") exists under authorization of the Laws of the State of Florida, and under Resolution No. 603 of the City Commission. The City provides no funding to the Housing Authority, has no ability to exercise influence over daily operations, and does not approve budgets or have rights to Housing Authority surpluses. All five members of the governing body are appointed by the Mayor with the approval of the City Commission.

B. Fund Accounting:

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds, based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The purpose of the City's various funds and account groups are as follows:

(1) Governmental Funds:

General 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.

CITY OF SANFORD, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2001

1. Summary of Significant Accounting Policies - Continued:

B. Fund Accounting - Continued:

(1) Governmental Funds - Continued:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The City has eight (8) Special Revenue Funds: the Local Option Gas Tax Fund, the Law Enforcement Trust Fund, the Community Development Block Grant Fund, the Other Grants Fund, the Recreation Facilities Impact Fees Fund, the Fire Public Safety Facilities Impact Fees Fund, Police Public Safety Facilities Impact Fees Fund and the Police Education Fund.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for the payment of general long-term debt principal, interest and related costs. The City has one (1) Debt Service Fund used to account for Certificates of Participation and Special Facilities Revenue Bond.

Capital Projects Funds - The Capital Projects Funds are used to account for financial resources earmarked for the acquisition or construction of major capital facilities and other project-oriented activities (other than those financed by proprietary funds). The City has two (2) Capital Projects Funds, the Stadium Renovation Fund and the East-West Connector Construction Fund.

Component Unit - Sanford CRA - Component Unit - Sanford CRA is used to account for financial resources of the Seminole Towne Center CRA Bonds Trust Fund and the Lake Monroe Waterfront and Downtown Sanford Community Redevelopment Trust Fund. Fixed assets are constructed with the proceeds, and are donated to the primary government. This component unit is presented as a discrete component unit in the accompanying financial statements.

(2) Proprietary Funds:

Enterprise Funds - Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. These funds consist of the Water and Sewer Fund and the Stormwater Fund.

Internal Service Fund - 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.

Component Unit - Airport Authority - Component Unit - Airport Authority is used to account for the related discretely presented component unit activity.

(3) Fiduciary Funds:

Trust Funds - Trust Funds are used to account for assets held by the City in a trustee capacity. The City has two (2) expendable trust funds: the Cemetery Fund and the Termination Benefit Reserve Fund. Also, it has two (2) pension trust funds: the Police Officers' Retirement System Fund and the Firefighters' Retirement System Fund. See Note 14A regarding the termination of the General Employees' Retirement System.

CITY OF SANFORD, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2001

1. **Summary of Significant Accounting Policies - Continued:**

B. Fund Accounting - Continued:

(4) Account Groups:

General Fixed Assets - The General Fixed Asset Account Group is used to account for all fixed assets of the City, except fixed assets of the City's proprietary funds.

General Long Term Debt - The General Long-Term Debt Account Group is used to account for all the outstanding principal balances of any general or special obligation debt, notes payable, or compensated absences of the City, except long-term debt of the City's proprietary funds and closure post-maintenance costs associated with the Art Lane landfill.

C. Measurement Focus:

Governmental Fund Types - General, Special Revenue, Debt Service and Capital Projects Funds are accounted for on a "flow of current financial resources" measurement focus. This means that generally only current assets and current liabilities are included on the balance sheets. Accordingly, the reported undesignated fund balances (net current assets) are considered a measure of available, spendable or appropriable resources. Governmental Fund Type operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Proprietary Fund Types - Enterprise and Internal Service Funds are accounted for on a "flow of economic resources" measurement focus. Accordingly, all assets and liabilities are included on their balance sheets, and the reported fund equity (total reported assets, less total reported liabilities) provides an indication of the economic net worth of the fund. Operating statements for Proprietary Fund Types (on a flow of economic resources measurement focus) report increases (revenues) and decreases (expenses) in total economic net worth.

Fiduciary Fund Types - The Expendable Trust Funds are accounted for in essentially the same manner as governmental funds. The Pension Trust Funds are accounted for in essentially the same manner as proprietary funds.

Account Groups - The General Long-Term Debt and General Fixed Assets Account Groups are concerned only with the measurement of financial position. They are not involved with the measurement of results of operations.

D. Basis of Accounting:

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All Governmental Funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets. Revenues susceptible to accrual include intergovernmental revenues, charges for services, and investment earnings. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is principal and interest on general long-term debt which is recognized when due.

All Proprietary Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

CITY OF SANFORD, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2001

1. Summary of Significant Accounting Policies - Continued:

D. Basis of Accounting - Continued:

All Pension Trust Funds are accounted for using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

The Expendable Trust Funds are accounted for on the modified accrual basis of accounting.

E. 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 proprietary fund types.

F. Cash and Cash Equivalents:

The Enterprise Funds, Internal Service Fund and the discretely presented Component Unit-Airport Authority consider all highly liquid investments (including restricted assets) with a maturity of three (3) months or less when purchased to be cash equivalents.

G. 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, 2001 was 6.75 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 OF SANFORD, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2001

1. Summary of Significant Accounting Policies - Continued:

G. Receivables - Continued:

(1) Property Taxes Receivable - Continued:

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 solid waste 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. Stormwater Fund billings are rendered monthly for the month's services.

H. 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.

I. Fixed Assets:

- (1) General Fixed Assets - Fixed assets purchased in the Governmental Fund Types are recorded as capital outlay expenditures at the time of purchase. Such assets are capitalized at cost in the General Fixed Assets Account Group, except for certain improvements other than buildings ("infrastructure"), such as roads and bridges, streets and sidewalks, and lighting systems. Gifts or contributions of fixed assets are recorded in General Fixed Assets at fair market value at the time received. No depreciation has been provided on General Fixed Assets.
- (2) Proprietary Fund and Component Unit Fixed Assets - The fixed assets purchased in the Proprietary Fund Types are capitalized at cost when purchased. Contributed fixed assets are capitalized at their fair market value at the date received. Depreciation is provided using the straight-line method over the estimated useful lives of the various classes of depreciable assets. The City's depreciation policy begins recognition of the expense in the month of the acquisition of the asset.

CITY OF SANFORD, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2001

1. Summary of Significant Accounting Policies - Continued:

I. Fixed Assets - Continued:

The estimated useful lives of the various classes of depreciable assets are as follows:

<u>Assets</u>	<u>Years</u>
Buildings	30-60
Streets (Airport Authority)	20-40
Improvements other than buildings	30-60
Water and Sewer System	60
Stormwater Management System	40
Equipment	5-20

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

With the creation of the Stormwater Utility Fund in 1991, the City established an asset balance for this Enterprise Fund. Because these assets are infrastructure in nature and have not been historically booked within the General Fixed Asset Account Group, the City had to establish the initial asset valuation and the related accumulated depreciation. Accordingly, assets were valued at a current replacement value, discounted back to their estimated acquisition date, and any accumulated depreciation was then established over a straight-line basis for 40 years. The City believes that this estimated historical cost is an equitable basis for initially establishing the asset base for this Enterprise Fund.

J. Irrigation Right:

The City entered into an interlocal agreement with another city to facilitate disposal of reclaimed water by spray irrigation. The City paid a proprietary fee of \$2,220,000 for an irrigation right to utilize the other city's irrigation facility. The irrigation right is for a period of twenty-five (25) years, beginning July 1, 1991. The irrigation right is being amortized on a straight-line basis over the life of the right. Accumulated amortization at September 30, 2001 and amortization expense for the fiscal year ended September 30, 2001 are \$910,200 and \$88,800 respectively.

K. Contributions:

Prior to October 1, 2000 contributed capital was accounted for in the Enterprise Funds as a direct addition to equity. These represent outside contributions from the City's General Fund, other City funds, the U.S. Government, federal aid programs, and water and sewer development charges to customers for initial hook-up to the utility system. Depreciation expense on contributions, representing depreciation on donated fixed assets or on fixed asset additions financed by contributions, is reflected in the statement of revenues, expenses and changes in retained earnings. In the Component Unit-Airport Authority, depreciation on contributed fixed assets is transferred to the related contribution account (reducing contributions) instead of retained earnings. As discussed in Note 22, the City and the Authority implemented GASB Statement 33 during the fiscal year 2001. Therefore, there are no additions to contributed capital, rather these are recorded as non-operating revenues.

CITY OF SANFORD, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2001

1. Summary of Significant Accounting Policies - Continued:

L. 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. Comp 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.

The City records compensated absences in the Governmental Fund Types as an expenditure for the amount accrued during the year that would normally be liquidated with expendable, available financial resources. The long-term portion of the liability is reported in the General Long-Term Debt Account Group. Proprietary Fund Types and the discretely presented Component Unit-Airport Authority accrue compensated absences in the period they are earned. The City has a Termination Benefit Fund (accounted for as an expendable trust fund) as a reserve to fund those departments with retiring employees. The money is transferred from the terminated benefit fund to the appropriate fund from which it is to be expended.

M. Unamortized Bond Issuance Costs:

Bond issuance costs for the Water and Sewer Revenue Bonds are being amortized over the life of the bonds, using the interest method of amortization. Bond issue costs for the Stormwater Revenue Bonds are amortized over the life of the bond, using straight-line amortization.

N. 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 interest method of amortization. For financial reporting, unamortized bond discount is netted against applicable long-term debt.

O. Deferred Revenues:

Deferred revenues reported on applicable Governmental Fund Types represent unearned revenues or revenues which are measurable but not available. The deferred revenues will be recognized as revenue in the fiscal year they are earned or become available. The Proprietary Fund Types' reported deferred revenue represents advance collection of funds for services to be provided in future reporting periods.

CITY OF SANFORD, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2001

1. Summary of Significant Accounting Policies - Continued:

P. 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, Local Option Gas Tax Fund, Debt Service Fund, Stadium Renovation Fund, Water and Sewer Fund, and Stormwater Fund.
- (5) Revisions made to the original budget for fiscal year ended September 30, 2001 by the City were as follows:

	Original Budget	Total Revisions	Revised Budget
Primary Government			
General Fund	\$ 27,189,237	\$ 3,379,457	\$ 30,568,694
Special Revenue Fund:			
Local Option Gas Tax	1,446,000	58,656	1,504,656
Debt Service Fund	1,146,015	28,707	1,174,722
Capital Projects Fund:			
Stadium Renovation Fund	-	2,095,006	2,095,006
Enterprise Funds:			
Water and Sewer	35,112,945	6,139,481	41,252,426
Stormwater	3,291,755	30,609	3,322,364
Total Primary Government	\$ 68,185,952	\$ 11,731,916	\$ 79,917,868

- (6) Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles.
- (7) 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.
- (8) 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 - CONTINUED

Year Ended September 30, 2001

1. Summary of Significant Accounting Policies - Continued:

P. Budgets and Budgetary Accounting - Continued:

(9) The following is a comparison of appropriations by fund to expenditures/expenses for the fiscal year ended September 30, 2001:

	<u>Total Fund Appropriations*</u>	<u>Total Expenditures Expenses (Excluding Depreciation)</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Primary Government</u>			
General Fund	\$ 30,568,694	\$ 26,266,557	\$ 4,302,137
Special Revenue Fund:			
Local Option Gas Tax	1,504,656	638,714	865,942
Debt Service Fund	1,174,722	1,162,808	11,914
Capital Projects Fund:			
Stadium Renovation	2,095,006	2,094,180	826
Enterprise Funds:			
Water and Sewer	6,583,486	6,321,685	261,801
Stormwater	1,027,792	818,105	209,687
Total Primary Government	<u>\$ 42,954,356</u>	<u>\$ 37,302,049</u>	<u>\$ 5,652,307</u>

(*) Excludes contingency, capital outlay and debt costs for enterprise funds.

(10) As discussed in (4) above, not all Capital Project Funds and Special Revenue Funds have a formal budgetary integration. Accordingly, reconciliations of Capital Project Funds and Special Revenue Funds between the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual, and the Combined Statement of Revenues, Expenditures and Changes in Fund Balances follow:

	<u>Capital Projects Funds - Actual For Fiscal Year Ended September 30, 2001</u>		
	<u>Budgeted</u>	<u>Non-Budgeted</u>	<u>Total</u>
Revenues	\$ 64,142	\$ 833,401	\$ 897,543
Expenditures	2,094,180	880,010	2,974,190
Deficiency of Revenues Over Expenditures	(2,030,038)	(46,609)	(2,076,647)
Other Financing Sources	261,942	-	261,942
Deficiency of Revenues and Other Sources Under Expenditures and Other Uses	(1,768,096)	(46,609)	(1,814,705)
Fund Balances (Deficit), September 30, 2000	1,768,096	(35,654)	1,732,442
Fund Deficit, September 30, 2001	<u>\$ -</u>	<u>\$ (82,263)</u>	<u>\$ (82,263)</u>

CITY OF SANFORD, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2001

1. Summary of Significant Accounting Policies - Continued:

P. Budgets and Budgetary Accounting - Continued:

	Special Revenue Funds - Actual For Fiscal Year Ended September 30, 2001		
	<u>Budgeted</u>	<u>Non-Budgeted</u>	<u>Total</u>
Revenues	\$ 863,269	\$ 2,167,411	\$ 3,030,680
Expenditures	<u>638,714</u>	<u>407,485</u>	<u>1,046,199</u>
Excess of Revenues Over Expenditures	224,555	1,759,926	1,984,481
Other Financing Uses	<u>-</u>	<u>(383,445)</u>	<u>(383,445)</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	224,555	1,376,481	1,601,036
Fund Balances, September 30, 2000	<u>911,480</u>	<u>1,873,536</u>	<u>2,785,016</u>
Fund Balances, September 30, 2001	<u>\$ 1,136,035</u>	<u>\$ 3,250,017</u>	<u>\$ 4,386,052</u>

Q. Capitalization of Interest:

In accordance with the Statements of Financial Accounting Standards (SFAS) 34 and 62, issued by FASB, the City has adopted the policy of capitalizing net interest costs (interest expense less any interest earned on the investment of bond proceeds) during the period of project construction.

During 2001, interest capitalized by the primary government, Water and Sewer Enterprise Fund was \$129,579. Interest capitalized by the discretely presented Component Unit-Airport Authority was \$170,250 in 2001.

R. Post Employment 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.

S. Total Columns on Combined Statements - Overview:

Total columns on the combined statements - overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with U.S. generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

CITY OF SANFORD, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2001

2. Cash and Investments:

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

Cash and Cash Equivalents - Cash and cash equivalents are carried at cost. In accordance with GASB Statement No. 3, the City's and the component units' deposits are categorized to give an indication of the level of custodial credit risk assumed at year-end. Category 1 includes deposits that are insured or collateralized pursuant to the Public Depository Security Act of the State of Florida. At September 30, 2001, all bank deposits are category 1. Demand deposits and money market accounts are insured by federal depository insurance up to \$100,000 of the aggregate account balances for each entity. Amounts in excess of \$100,000 are fully insured by U.S. Government securities held in the Public Deposit Security Trust Fund maintained and monitored by the Treasurer of the State of Florida. Demand deposits and cash on deposit bank balances at September 30, 2001 for the primary government, the Component Unit-Airport Authority and the Component Unit-Sanford CRA were \$1,563,920, \$578,361 and \$0, respectively.

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 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 is used as fair value for financial reporting. Investments other than the Local Government Surplus Funds Trust Fund are stated at fair value. During the current fiscal year, the City's investments were limited to U.S. Government Obligations, the Local Government Surplus Funds Trust Fund and money market accounts. The Local Government Surplus Funds Trust Fund is similar to a mutual fund in that funds are available on a same day basis. As of June 30, 2001, the Local Government Surplus Funds Trust Fund had approximately 760 local government participants with total investments of approximately \$20 billion. The portfolio's weighted average maturity is limited to 90 days.

Cash and cash equivalents and investments of the Pension Trust Funds are held separately from those of other City funds. In accordance with GASB Statement 25, related to pension reporting, the Pension Trust Fund investments are stated at fair value. The investment portfolios for these funds at September 30, 2001 and for the year then ended include mutual funds investing in obligations of U.S. Treasury and corporate stocks. These investments are held by a bank's trust department in the City's name.

At year-end, the City's investments are categorized to give an indication of the level of risk assumed by the City. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterpart's trust department or agent in the City's name. Category 3 includes investments that are uninsured and unregistered for which the securities are held by the counterpart's trust department or agent but not in the City's name. Investments in the Local Government Surplus Funds Trust Fund, mutual funds and money market funds are not required to be categorized since the investments are not evidenced by securities that exist in physical or book entry form. Therefore, at September 30, 2001, all of the City's investments are not required to be categorized.

The Component Unit-Sanford CRA invests solely in the Local Government Surplus Funds Trust Fund. The component unit utilizes the City's investment policies and strategies. Therefore, no classification is required.

CITY OF SANFORD, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2001

2. Cash and Investments - Continued:

The following is a summary of the City's cash and investments:

	Carrying Amount	Fair Value
<u>Primary Government</u>		
Pension Funds:		
Mutual funds money market	\$ 974,165	\$ 974,165
Equity securities investing in common stocks and mutual funds	16,436,735	16,436,735
Mutual fund investing in corporate and U.S. treasury bonds	12,253,465	12,253,465
Total pension funds	29,664,365	29,664,365
Local Government Surplus Funds Trust Fund	42,427,594	42,427,594
Demand Deposits, Cash on Deposit and Petty Cash	1,010,856	1,010,856
Total Primary Government	73,102,815	73,102,815
<u>Component Unit - Airport Authority</u>		
Local Government Surplus Funds Trust Fund	557,029	557,029
Demand Deposits, Cash on Deposit and Petty Cash	747,396	747,396
Total Component Unit - Airport Authority	1,304,425	1,304,425
<u>Component Unit - Sanford CRA</u>		
Local Government Surplus Funds Trust Fund	461,600	461,600
Demand Deposits, Cash on Deposit and Petty Cash	-	-
Total Component Unit - Sanford CRA	461,600	461,600
	\$ 74,868,840	\$ 74,868,840
Classified as:		
Cash and cash equivalents	\$ 29,176,139	
Investments	29,664,365	
Restricted cash and cash equivalents	16,028,336	
	\$ 74,868,840	

The types of deposits and investments and their level of risk exposure as of September 30, 2001 were typical of these items during the fiscal year then ended.

CITY OF SANFORD, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2001

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, by fund, of restricted cash and cash equivalent accounts as of September 30, 2001:

	Primary Government		Component Unit
	General Fund	Water and Sewer	Airport Authority
Sinking Fund	\$ -	\$ 7,270,594	\$ -
Renewal and Replacement Fund	-	200,000	-
Operating Reserve Fund	-	499,386	-
Earnings on Restricted Assets	-	-	234,650
Customer Deposits	66,965	813,119	-
Utility Trust Impact Fees	-	6,943,622	-
	<u>\$ 66,965</u>	<u>\$ 15,726,721</u>	<u>\$ 234,650</u>

4. Receivables:

The following is a detailed listing of receivables by type and fund at September 30, 2001:

	Primary Government			Component Unit
	General	Enterprise	Total	Airport Authority
Receivables:				
Accounts Billed	\$ 209,667	\$ 893,111	\$ 1,102,778	\$ 298,066
Unbilled Receivables	276,708	800,701	1,077,409	-
Other Miscellaneous	518,506	127,136	645,642	-
Gross Receivables	1,004,881	1,820,948	2,825,829	298,066
Less: Allowance for Uncollectibles	22,608	189,349	211,957	20,000
Net Total Receivables	<u>\$ 982,273</u>	<u>\$ 1,631,599</u>	<u>\$ 2,613,872</u>	<u>\$ 278,066</u>

5. General Fixed Assets and Property, Plant and Equipment:

A. General Fixed Assets:

During the year ended September 30, 2001, the following changes in general fixed assets occurred:

	Balance September 30, 2000	Additions	Transfers/ Deletions	Balance September 30, 2001
Land and Paving	\$ 1,329,261	\$ 39,715	\$ -	\$ 1,368,976
Buildings and Improvements	15,532,310	2,713,309	(3,529)	18,242,090
Equipment	11,782,339	1,294,380	(375,489)	12,701,230
	<u>\$ 28,643,910</u>	<u>\$ 4,047,404</u>	<u>\$ (379,018)</u>	<u>\$ 32,312,296</u>

CITY OF SANFORD, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2001

5. General Fixed Assets and Property, Plant and Equipment - Continued:

B. Enterprise Fund Fixed Assets:

A summary of Enterprise Fund property, plant and equipment follows:

	Primary Government			Component Unit
	Water and Sewer	Stormwater	Total	Airport Authority
Land	\$ 4,916,702	\$ 168,072	\$ 5,084,774	\$ 7,744,859
Buildings and Improvements	280,857	1,161	282,018	70,118,343
Water and Sewer System	77,578,934	-	77,578,934	158,280
Stormwater Management	-	8,185,018	8,185,018	-
Street Construction	-	-	-	4,357,350
Equipment	4,149,495	1,120,239	5,269,734	4,888,388
T Hangers	-	-	-	1,044,900
	<u>86,925,988</u>	<u>9,474,490</u>	<u>96,400,478</u>	<u>88,312,120</u>
Less:				
Accumulated Depreciation	<u>(15,131,173)</u>	<u>(3,248,773)</u>	<u>(18,379,946)</u>	<u>(22,823,767)</u>
	<u>71,794,815</u>	<u>6,225,717</u>	<u>78,020,532</u>	<u>65,488,353</u>
Construction in Progress	<u>7,649,054</u>	<u>1,180</u>	<u>7,650,234</u>	<u>753,226</u>
	<u>\$ 79,443,869</u>	<u>\$ 6,226,897</u>	<u>\$ 85,670,766</u>	<u>\$ 66,241,579</u>

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 2001, the total lease rental income received in the General Fund and the Enterprise Funds was \$116,635 and \$50,977, respectively.

B. Long-Term Airport Lease:

In August 1996, the City entered into a lease agreement with the Sanford Airport Authority (lessee) for the control and operations of the Airport. No payments are required to be made under the terms of the lease. The City grants the lessee the exclusive right and jurisdiction to occupy, operate, control, maintain and use the airport for a term of thirty-five (35) years.

CITY OF SANFORD, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2001

6. Operating Lease - Continued:

C. Airport Authority Operating Leases:

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

<u>Year Ending September 30,</u>	
2002	\$ 2,329,337
2003	1,513,182
2004	1,299,765
2005	819,409
2006	733,693
Thereafter	<u>11,514,212</u>
	<u>\$ 18,209,598</u>

The following is a schedule of approximate cost or carrying value and accumulated depreciation of property under operating leases:

Land	\$ 23,000
Buildings and Improvements	<u>14,817,000</u>
	14,840,000
Less Accumulated Depreciation	<u>(10,000,000)</u>
	<u>\$ 4,840,000</u>

Total income on noncancellable leases for the year ended September 30, 2001 was \$2,121,561.

7. Enterprise Fund Bonds Payable:

A. Defeasance of Debt:

Refunding provides for an irrevocable deposit 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. The City has the following bond issues that have been refunded:

<u>Type</u>	<u>Series</u>	<u>Date Refunded</u>	<u>Outstanding as of Refunding</u>	<u>Outstanding as of September 30, 2001</u>
Water and Sewer	1986	June, 1992	\$ 3,310,000	\$ 445,000
Revenue Bonds	1986	November, 1993	12,635,000	12,635,000
	1989	November, 1993	4,180,000	3,520,000
	1991	November, 1993	11,905,000	11,620,000

CITY OF SANFORD, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2001

7. Enterprise Fund Bonds Payable - Continued:

B. Water and Sewer Revenue Bonds:

- (1) Pledge of Revenues - The Series 1992 and 1993 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 Service Accounts:
 - 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.
 - Redemption Account - to deposit monthly from Revenue Account one-twelfth (1/12) of any amortization installment established for the redemption of Term Bonds.
 - c. Reserve Account - to maintain a reserve requirement for each bond issue. The series 1992 and 1993 reserve requirement shall be the lesser of (i) maximum bond service requirement, or (ii) 125% of the average annual bond requirement. Any withdrawals from this account shall be subsequently restored from the first monies available in the Revenue Account after meeting costs of operation and maintenance and bond service requirements.
 - d. Operating Reserve Account - to deposit from the Revenue Account one-twelfth (1/12) of the actual cost of operation and maintenance from the immediate preceding fiscal year.
 - e. Subordinate Debt Service Account - to deposit from the Revenue Account any amounts required on subordinate debt.
 - f. 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) Investment Restrictions - Monies in any account created in the resolution, except the Reserve Account, may be invested in authorized investments that mature not later than the dates on which the monies will be needed for the purpose of such fund. Monies in the Reserve Account may be invested in Federal Securities maturing not later than the latest maturity of the Series 1991 bond issue.

CITY OF SANFORD, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2001

7. Enterprise Fund Bonds Payable - Continued:

B. Water and Sewer Revenue Bonds – Continued:

(3) Investment Restrictions - Continued

Authorized investments as specified by the resolution are as follows:

- a. Direct obligations of the U.S. Government.
- b. Bonds, debentures or notes backed by the full faith and credit of the U.S. Government.
- c. Certificates of deposits (insured and/or collateralized).
- d. High rated commercial paper.
- e. Repurchase agreements for which the underlying securities are U.S. Government obligations.
- f. Pre-refunded municipal obligations.
- g. Money market funds rated AAA by Standard & Poor's.
- h. Investment agreement approved by AMBAC Indemnity Corporation.
- i. Local Government Surplus Funds Trust Fund.

(4) Disbursements from Construction Account - Monies on deposit in the Construction Account shall be used from time to time to pay or reimburse the following project costs:

- a. Costs incurred directly or indirectly for, or in conjunction with, a project or a proposed or future project including, but not limited to, those for preliminary planning and studies, architectural, legal, financial, engineering and supervisory services, labor, services, materials, equipment, acquisitions, land, rights-of-way, improvements and installation.
- b. Premiums attributable to all insurance required to be taken out and maintained during the period of construction with respect to a project to be acquired or constructed, the premium on such surety bond, if any, required with respect to work on such facilities and taxes, assessments and other charges that may become payable during the period of construction with respect to such a project.
- c. Costs incurred directly or indirectly in seeking to enforce any remedy against a contractor or subcontractor in respect of any default under a contract relating to a project or costs incurred directly or indirectly in defending any claim by a contractor or subcontractor with respect to a project.
- d. Financial, legal, accounting, appraisals, title evidence and printing and engraving fees, charges and expenses, and all other such fees, charges and expenses incurred in connection with the authorization, sale, issuance and delivery of such Series of Bonds.
- e. Interest funded from Bond proceeds for a reasonable period of time, which shall be deposited in the Interest Account within the Bond Service Accounts and shall be used as provided in the Series Resolution authorizing such Series of Bonds.

CITY OF SANFORD, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2001

7. Enterprise Fund Bonds Payable - Continued:

B. Water and Sewer Revenue Bonds – Continued:

(4) Disbursements from Construction Account – Continued

- f. Any other incidental and necessary costs including, without limitation and expenses, fees and charges relating to the acquisition, construction or installation of a project, and the making of extraordinary repairs, renewals and replacements, decommissioning or retirement of any portion of the System.
- g. Costs incurred directly or indirectly in placing any project in operation in order that completion of such project may occur.
- h. Any other costs authorized pursuant to a supplemental resolution of the issuer and permitted under the laws of the State.
- i. Reimbursements to the issuer for any of the above items theretofore paid by or on behalf of the issuer.

(5) Rate Covenants - The City has covenanted that it will collect rates and charges in each year, which will always provide revenues sufficient to pay all costs of operation and maintenance, exclusive of depreciation and amortization, plus 100% of the bond service requirement. In addition, these revenues, together with the System Development Charges, are required to be sufficient in each year to pay the aggregate of all costs of operation and maintenance, exclusive of depreciation and amortization, plus 125% of the bond service requirement and 100% of all other deposits to be made under the resolution.

The following reflects the calculation required for the fiscal year ended September 30, 2001 in order to comply with the Water and Sewer Revenue Bond rate covenant:

a. Charges for services	\$	9,640,945
Service charges		213,105
Interest income		1,073,844
Total available revenues		10,927,894
Less: Costs of operation and maintenance (excluding depreciation, amortization and non-recurring costs)		(6,314,436)
Bond service requirements		(2,470,336)
 Operating revenues in excess of costs	 \$	 2,143,122
b. Charges for services	\$	9,640,945
Service charges		213,105
Interest income		1,073,844
System development charges		4,319,555
Total available revenues		15,247,449
Less: Costs of operation and maintenance (excluding depreciation, amortization and non-recurring costs)		(6,314,436)
Bond service requirements (x 125%)		(3,087,920)
Operating reserve deposit		(5,236)
 Available revenues in excess of costs and required deposits	 \$	 5,839,857

CITY OF SANFORD, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2001

7. Enterprise Fund Bonds Payable - Continued:

B. Water and Sewer Revenue Bonds - Continued:

(6) Bonds Issued - At September 30, 2001, revenue bonds outstanding consisted of the following:

<u>Description</u>	<u>Rates</u>	<u>Maturity</u>	<u>Original Issue</u>	<u>Outstanding at September 30, 2001</u>
Water and Sewer Refunding Revenue Bonds, Series 1992:				
Serial Bonds	3.0%-6.10%	10/1/1992 10/1/2004	\$ 5,520,000	\$ 1,775,000
Term Bonds	6.25%	10/1/2008 10/1/2011	5,630,000	5,630,000
			<u>\$ 11,150,000</u>	<u>7,405,000</u>
Less: Unamortized Discount				(45,299)
				<u>7,359,701</u>
 Water and Sewer Refunding Revenue Bonds, Series 1993:				
Serial Bonds	2.75%-5.00%	11/1/1994 10/1/2008	\$ 4,805,000	2,610,000
Term Bonds	5.50%	10/1/2011	1,410,000	1,410,000
Term Bonds	5.25%	10/1/2014	4,880,000	4,880,000
Term Bonds	4.75%	10/1/2018	7,725,000	7,725,000
Term Bonds	4.50%	10/1/2021	6,785,000	6,785,000
			<u>\$ 25,605,000</u>	<u>23,410,000</u>
Less: Unamortized Discount				(856,400)
				<u>22,553,600</u>
Net Bonds Payable				<u>\$ 29,913,301</u>

C. Annual Debt Service Requirements:

The following is a schedule of annual debt service requirements to maturity for the Water and Sewer Enterprise Fund's Bonds:

<u>Bond Year Ending</u>	<u>Water and Sewer Revenue Bonds, Series 1992</u>		<u>Water and Sewer Revenue Bonds, Series 1993</u>		<u>Total Debt Service</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2002	\$ 560,000	\$ 459,015	\$ 325,000	\$ 1,127,220	\$ 2,471,235
2003	590,000	425,695	345,000	1,113,245	2,473,940
2004	625,000	390,000	355,000	1,098,065	2,468,065
2005	665,000	351,875	370,000	1,082,090	2,468,965
2006	705,000	310,313	390,000	1,064,978	2,470,291
2007-2011	4,260,000	830,000	2,235,000	5,016,705	12,341,705
2012-2016	-	-	8,560,000	3,796,877	12,356,877
2017-2021	-	-	10,830,000	1,520,538	12,350,538
	<u>\$ 7,405,000</u>	<u>\$ 2,766,898</u>	<u>\$ 23,410,000</u>	<u>\$ 15,819,718</u>	<u>\$ 49,401,616</u>

CITY OF SANFORD, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2001

7. Enterprise Fund Bonds Payable - Continued:

D. Stormwater System Revenue Bonds:

- (1) Bonds Issued - During the year ended September 30, 1999, the City authorized the issuance of Stormwater System Revenue Bonds, Series 1999, not to exceed \$4,200,000. The bonds bear interest at 4.45% and mature on September 30, 2013 if the City draws the remaining balance. As of September 30, 2001, the City has received \$3,653,500 and anticipates receiving the balance of \$546,500 during the year ended September 30, 2002. Outstanding balance at September 30, 2001 was \$3,044,695.
- (2) Pledge of Revenues - The series 1999 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.
- (4) Annual Debt Service Requirements - The following is a schedule of the annual debt service requirements to maturity for the Stormwater System Enterprise Fund's Bonds:

Bond Year Ending	Principal	Interest	Total
2002	\$ 265,318	\$ 132,570	\$ 397,888
2003	277,256	120,632	397,888
2004	289,731	108,157	397,888
2005	302,768	95,120	397,888
2006	316,391	81,497	397,888
2007-2011	1,593,231	181,053	1,774,284
	<u>\$ 3,044,695</u>	<u>\$ 719,029</u>	<u>\$ 3,763,724</u>

CITY OF SANFORD, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2001

8. Notes and Contracts Payable - Enterprise Funds and Component Unit - Airport Authority:

A. Enterprise Funds Notes and Contracts Payable:

Enterprise Funds notes payable at September 30, 2001 are as follows:

Primary Government: Water & Sewer:

State Revolving Fund loan CS120586150 payable, \$1,906,668 authorized, \$1,712,730 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, 2001 was made prior to October 1, 2001.)	\$ 911,211
State Revolving Fund loan CS120586170 payable, \$5,790,256 authorized to be drawn for construction of wastewater system facilities, payable in twenty equal annual installments including interest at 3.75% on \$4,835,256 and 2.89% on \$955,000 on December 31 of each year.	3,845,624
State Revolving Fund loan CS120586190 payable, \$500,166 authorized to be 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.	340,224
State Revolving Fund loan CS120586210 payable, \$1,565,000 authorized to be 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.	1,029,312
State Revolving Fund loan CS12058620 payable, \$18,170,000 authorized to be drawn for collection, transmission and treatment facilities. As of September 30, 2001 \$3,358,547 has been drawn. The loan will be repaid in forty equal semi-annual installments, of \$671,172 including interest at an average rate of 1.69%, once the entire proceeds have been drawn.	3,358,547
State Revolving Fund loan DW5906010 payable \$8,069,030 authorized to be drawn for drinking water extension. As of September 30, 2001 \$2,468,277 has been drawn. The loan will be repaid in forty equal semi-annual installments of \$303,459 including interest at an average rate of 3.55% once the entire proceeds have been drawn.	2,468,277
	<u>11,953,195</u>
Less current portion	<u>(444,425)</u>
	<u>\$ 11,508,770</u>

CITY OF SANFORD, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2001

8. Notes and Contracts Payable - Enterprise Funds and Component Unit - Airport Authority - Continued:

A. Enterprise Funds Contracts Payable - Continued:

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 the loans are as follows:

Fiscal Year Ending September 30	State Revolving Fund Loan CS120586150		
	Principal	Interest	Total
2002	\$ 86,033	\$ 36,631	\$ 122,664
2003	89,491	33,172	122,663
2004	93,088	29,575	122,663
2005	96,831	25,832	122,663
2006	100,723	21,940	122,663
Thereafter	445,045	45,608	490,653
	<u>\$ 911,211</u>	<u>\$ 192,758</u>	<u>\$ 1,103,969</u>

Fiscal Year Ending September 30	State Revolving Fund Loan CS120586170		
	Principal	Interest	Total
2002	\$ 261,898	\$ 138,438	\$ 400,336
2003	271,312	129,024	400,336
2004	281,067	119,269	400,336
2005	291,175	109,161	400,336
2006	301,650	98,686	400,336
Thereafter	2,438,522	363,834	2,802,356
	<u>\$ 3,845,624</u>	<u>\$ 958,412</u>	<u>\$ 4,804,036</u>

Fiscal Year Ending September 30	State Revolving Fund Loan CS120586190		
	Principal	Interest	Total
2002	\$ 23,599	\$ 8,125	\$ 31,724
2003	24,176	7,548	31,724
2004	24,767	6,957	31,724
2005	25,373	6,351	31,724
2006	25,993	5,731	31,724
Thereafter	216,316	21,618	237,934
	<u>\$ 340,224</u>	<u>\$ 56,330</u>	<u>\$ 396,554</u>

Fiscal Year Ending September 30	State Revolving Fund Loan CS120586210		
	Principal	Interest	Total
2002	\$ 72,895	\$ 29,224	\$ 102,119
2003	75,017	27,102	102,119
2004	77,201	24,918	102,119
2005	79,448	22,671	102,119
2006	81,761	20,359	102,120
Thereafter	642,990	71,848	714,838
	<u>\$ 1,029,312</u>	<u>\$ 196,122</u>	<u>\$ 1,225,434</u>

CITY OF SANFORD, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2001

8. Notes and Contracts Payable - Enterprise Funds and Component Unit - Airport Authority - Continued:

B. Discretely Presented Component Unit - Airport Authority Notes and Contracts Payable:

Note payable to bank, due in quarterly principal and interest payments at 6.98%, collateralized by pledged revenues.	\$ 3,795,329
Grant anticipation note payable to bank, interest at 99.35% of 30 day Libor rate due every six months and principal due when scheduled grant payment received.	3,500,000
Note payable to State of Florida, Department of Transportation, no interest, due August 18, 2002, non-collateralized.	1,500,000
Note payable to State of Florida, Department of Transportation, no interest, due March 4, 2008, non-collateralized.	3,000,000
Note payable to State of Florida, Department of Transportation, no interest, due September 30, 2008, non-collateralized.	2,500,000
Note payable to State of Florida, Department of Transportation, no interest, due September 2, 2009, non-collateralized.	<u>6,000,000</u>
	20,295,329
Less current portion	<u>(3,781,309)</u>
	<u>\$ 16,514,020</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 these notes and contracts. The following is a summary of the future principal debt service requirements on these notes and contracts:

Fiscal Year Ending September 30,	Airport Authority Fund
2002	\$ 3,781,309
2003	1,536,057
2004	175,933
2005	188,539
2006	3,113,491
Thereafter	<u>11,500,000</u>
	<u>\$ 20,295,329</u>

CITY OF SANFORD, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2001

9. General Long-Term Debt:

A. Special Facilities Revenue Bonds:

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

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

The Special Facilities Revenue Bonds will mature as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2002	\$ 80,000	\$ 91,560	\$ 171,560
2003	85,000	86,940	171,940
2004	90,000	79,040	169,040
2005	95,000	73,860	168,860
2006	95,000	73,860	168,860
2007-2009	1,230,000	174,920	1,404,920
	<u>\$ 1,675,000</u>	<u>\$ 580,180</u>	<u>\$ 2,255,180</u>

B. Compensated Absences:

Vested sick and vacation leave benefits for Governmental Fund Types accrued at September 30, 2001 in accordance with the City's policy, as set forth in Note 1.L., amounted to \$949,571 in the Long-term Debt Account Group and \$145,675 in the General Fund as accrued expenses.

C. Changes in General Long-Term Debt:

Changes in general long-term debt transactions for the year ended September 30, 2001 are summarized as follows:

	Balance October 1, 2000	Increase	Decrease	Balance September 30, 2001
Special Facilities:				
Revenue bonds	\$ 1,750,000	\$ -	\$ 75,000	\$ 1,675,000
Certificates of participation payable	955,000	-	955,000	-
Accrued closure costs	309,200	-	309,200	-
Compensated absences	826,335	123,236	-	949,571
	<u>\$ 3,840,535</u>	<u>\$ 123,236</u>	<u>\$ 1,339,200</u>	<u>\$ 2,624,571</u>

CITY OF SANFORD, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2001

10. Revenue Bonds Payable of the Discretely Presented Component Unit - Sanford CRA:

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 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 to make such payment. For purposes of the five-year disclosure, the table assumes that there will be pledged revenues available to make the bond principal payment.

Fiscal Year Ending September 30,	Series 1994 -A		Series 1994-B		Total
	Principal	Interest	Principal	Interest	
2002	\$ 300,000	\$ 316,260	\$ -	\$ 99,000	\$ 715,260
2003	315,000	300,360	-	99,000	714,360
2004	330,000	283,350	-	99,000	712,350
2005	450,000	265,200	-	99,000	814,200
2006	480,000	240,000	-	99,000	819,000
2007-2011	3,520,000	687,900	1,100,000	511,500	5,819,400
	<u>\$ 5,395,000</u>	<u>\$ 2,093,070</u>	<u>\$ 1,100,000</u>	<u>\$ 1,006,500</u>	<u>\$ 9,594,570</u>

Activity related to the Community Redevelopment Agency Revenue Bonds for the year was as follows:

	Balance October 1, 2000	Issued	Retired	Balance September 30, 2001
CRA Bonds	<u>\$ 6,695,000</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 6,495,000</u>

CITY OF SANFORD, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2001

11. Interfund Accounts:

Individual fund interfund receivables and payables at September 30, 2001 consist of the following:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 291,376	\$ 45,466
Special Revenue Funds:		
Community Development Block Grant	4,463	-
Other Grants	9,479	29,796
Capital Projects Fund:		
East-West Connector Construction	-	266,043
Trust and Agency Funds:		
Police Pension	22,207	-
Fire Pension	13,780	-
	<u>\$ 341,305</u>	<u>\$ 341,305</u>

12. Fund Equity:

A. The City has established certain reserves for restricted assets of the Water and Sewer Enterprise Fund. These assets are restricted by various covenants within the revenue bond issue, as described in Note 7.B, and certain City ordinances and resolutions. Reserved retained earnings at September 30, 2001 consist of the following:

Renewal and replacement fund	\$ 200,000
Operating reserve fund	<u>499,386</u>
	<u>\$ 699,386</u>

B. The City has established certain reserves within the fund equity section of the Governmental Fund Types. Reserved fund balance at September 30, 2001 consists of the following:

General Fund:	
Reserved for capital projects	\$ 2,553,798
Reserved for inventories	57,484
Reserved for prepaid expenditures	2,282
Reserved for gasification contingency	<u>1,000,000</u>
	<u>\$ 3,613,564</u>

C. The City established an Internal Service Fund to account for its risk management activities. As such, the amount of residual retained earnings of \$147,515 is reserved for future payments of insurance.

D. The East-West Connector Construction Fund (Capital Projects Fund) has a deficit fund balance of \$82,263. The deficit balance is expected to be cured by reimbursement from Seminole County.

CITY OF SANFORD, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2001

12. Fund Equity - Continued:

- E.** The City has established certain reserves and designations within the fund equity section of the Fiduciary Fund Types. Reserved and designated fund balances at September 30, 2001 consist of the following:

	<u>Reserves</u>	<u>Designations</u>
Expendable Trust Funds:		
Reserved for cemetery perpetual care	\$ 421,205	\$ -
Designated for payment of termination benefits	-	218,320
Pension Trust Funds:		
Reserved for employees' pension benefits	<u>29,654,460</u>	<u>-</u>
Total	<u><u>\$ 30,075,665</u></u>	<u><u>\$ 218,320</u></u>

- F.** The following is a summary of changes in Enterprise Funds, Internal Service Fund and Component Unit contributions:

	<u>Primary Government</u>				
	<u>Water and Sewer Fund</u>	<u>Stormwater Fund</u>	<u>Risk Management Fund</u>	<u>Primary Government Total</u>	<u>Airport Authority Fund</u>
Contributions at October 1, 2000	\$40,493,032	\$ 2,174,194	\$ 25,621	\$42,692,847	\$38,510,586
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,736,075)</u>
Contributions at October 1, 2000 - Restated	40,493,032	2,174,194	25,621	42,692,847	33,774,511
Depreciation on contributed assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,246,859)</u>
Contributions at September 30, 2001	<u><u>\$40,493,032</u></u>	<u><u>\$ 2,174,194</u></u>	<u><u>\$ 25,621</u></u>	<u><u>\$42,692,847</u></u>	<u><u>\$32,527,652</u></u>

- G.** The Airport Authority recorded prior period corrections to contributed capital resulting from grants receivable being recorded in error in 2000 and from various instrument landing system equipment being recorded as Authority assets when equipment is actually owned by the FAA. See Note 22 for a change in accounting principle regarding capital contributions.

- H.** The Airport Authority has established a reserve within the retained earnings of \$40,727 for an Airport Memorial Fund and \$193,923 for passenger facility charges.

CITY OF SANFORD, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2001

13. Provision for Closure Costs:

State and federal laws and regulations require the City to place a final cover on Art Lane Landfill when closed and to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The City initiated closure of the landfill in fiscal year ended September 30, 2000. During the current year the City completed closure of this land fill and is awaiting final approval by the Florida Department of Environmental Protection. All material costs associated with this closure have been paid.

14. 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 six (6) 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, 2001, 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 (9.15% from 7/1/00 to 6/30/01, and 7.30% from 7/1/01 to 9/30/01).

Special Risk Class - Members employed as law enforcement officers, firefighters, or correctional officers and meeting the criteria to qualify for this (20.29% from 7/1/00 to 6/30/01, and 18.44% from 7/1/01 to 9/30/01). There are no city employees in this special risk category, only airport 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, 2001, 2000 and 1999 were \$658,168, \$536,488, \$906,082, respectively, and equal the required contributions for each year. The Airport Authority's contributions to FRS for the years ended September 30, 2001, 2000 and 1998 were \$157,499, \$61,362, and \$99,360, respectively, and equal the required contributions for each year.

Effective December 1, 2000, the City Commission directed by Resolution, that the City rejoin the Florida Retirement System (FRS). All active employees of the City were enrolled in the FRS. The General Employees Retirement System was terminated, by Ordinance, effective November 30, 2000. The City utilized funds accumulated in the City Retirement Plan, from its inception on January 1, 1996, to purchase the back service in the FRS for the participants transferred in the amount of \$789,029. Per the Ordinance establishing the plan, excess funds were transferred to the General Fund of the City through a residual equity transfer of \$161,548.

CITY OF SANFORD, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2001

14. 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.

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

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

- (2) Contributions - The City's funding policy provides for actuarially determined periodic contributions to the plans. The required contributions include normal costs (after deducting expected employee contributions, if applicable) and the amount of the additional unfunded obligations, amortized over thirty (30) years, created due to increases in plan benefits. Employer contribution rates are determined using the frozen entry age actuarial cost method.

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 (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) Method Used to Value Investments and Investment Policies - Investments are reported at fair value. Short-term investments are reported at cost, which approximates 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.

CITY OF SANFORD, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2001

14. Pension Plans and Postemployment Benefits Other than Pensions - Continued:

B. Police Officers' and Firefighters' Retirement System - Continued:

(3) Method Used to Value Investments and Investment Policies – Continued:

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 loans to, or leases with, any parties related to the pension plans have been made.

(4) Plan Membership - At September 30, 2001, membership of each plan consisted of the following:

	Police Officers	Firefighters
Retirees and beneficiaries receiving benefits	38	37
Active plan members	104	60
Total	142	97

(5) Annual Pension Costs - Annual Pension costs were as follows:

	1999	2000	2001
Police Officers' plan	\$ 142,234	\$ 156,514	\$ 172,990
Firefighters' plan	96,663	103,948	213,689

The percentage contribution for the police officers' and firefighters' retirement plans for each of the past three years was 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.

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

(7) Refer to page 56 for actuarial information.

CITY OF SANFORD, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2001

14. Pension Plans and Postemployment Benefits Other than Pensions – Continued:

C. Postemployment Benefits Other than Pension Benefits:

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 life, and the life insurance benefits for retired employees, 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 amount of \$187,318, and \$10,850, respectively for the year ended September 30, 2001 for 82 retirees in the aggregate. Twelve (12) current employees are eligible for postemployment benefits at September 30, 2001.

The nature of the plan is such that no formal trust fund exists. The plan pays premiums to an insurance company who maintains no assets or liabilities in the name of the City or on the City's behalf. Thus, the City utilizes GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Government Employers".

15. 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.

CITY OF SANFORD, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2001

16. Segment Information for Enterprise Funds and Component Unit - Airport Authority:

The City maintains two (2) Enterprise Funds that provide water and sewer, and stormwater services. In addition, the discretely presented Component Unit-Airport Authority provides airport services. Segment information for these funds for the fiscal year ended September 30, 2001 follows:

	Primary Government			Component Unit
	Water and Sewer	Stormwater	Total	Airport Authority
Operating revenues	\$ 9,640,945	\$ 1,520,029	\$ 11,160,974	\$ 4,601,615
Depreciation	1,568,711	207,072	1,775,783	2,249,167
Amortization	88,800	-	88,800	-
Operating income (loss)	1,668,998	494,852	2,163,850	(1,388,444)
Operating transfers in	51,645	8,817	60,462	-
Net income	6,349,851	437,988	6,787,839	8,107,917
Fixed assets:				
Additions	8,678,561	613,783	9,292,344	13,607,336
Deletions	290,681	-	290,681	68,451
Total assets	106,061,309	8,549,771	114,611,080	68,763,961
Capital contributions	5,130,667	-	5,130,667	9,690,855
Operating grants	-	-	-	219,630
Long-term liabilities:				
Notes payable	11,508,770	-	11,508,770	16,514,020
Bonds	30,815,000	3,044,695	33,859,695	-
Net working capital	6,118,013	2,286,356	8,404,369	(2,412,883)
Total equity	61,164,901	5,455,254	66,620,155	46,354,894

17. Risk Management:

Primary Government

The City accounts for its risk management activities in an internal service fund that includes self-insurance programs for workers' compensation, general liability, and any other claims. The City has made the decision to retain up to \$150,000 per incident relating to workers' compensation. City owned vehicles with a purchase cost of less than \$50,000 are not insured for property damage. Excess coverage up to statutory limits per incident for workers' compensation has been purchased from an outside carrier. All other liability and property damage insurance is obtained through excess carriers with a \$100,000 deductible for general liability claims per incident and an aggregate stop loss of \$950,000 for all types of claims for fiscal year 2001. 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 fiscal years. At September 30, 2001 a reserve of \$810,251 and \$315,940 was recorded for the settlement of pending workers' compensation and general liability claims, respectively, including a provision for incurred but not reported claims. This liability is the City's best estimate based on available information.

CITY OF SANFORD, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2001

17. Risk Management - Continued:

Primary Government - Continued

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. In addition, an experience study is performed by an outside consultant to determine the extent, if any, of the claims incurred but not reported.

The changes in the City's claims liability during the years ended September 30, 2000 and 2001 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>
1999-2000	\$ 1,017,115	\$ 1,065,189	\$ 1,065,189	\$ 1,017,115
2000-2001	\$ 1,017,115	\$ 1,430,225	\$ 1,321,149	\$ 1,126,191

Airport Authority

The 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 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.

18. 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. A summary of these projects at September 30, 2001 is as follows:

	<u>Primary Government</u>	
	<u>Governmental Funds</u>	<u>Enterprise Funds</u>
Total contract price	\$ 1,513,357	\$ 3,949,159
Total paid as of September 30, 2001	<u>893,827</u>	<u>3,497,666</u>
Remaining commitment at September 30, 2001	<u>\$ 619,530</u>	<u>\$ 451,493</u>

CITY OF SANFORD, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2001

18. Commitments and Contingencies - Continued:

Primary Government - Continued

D. The City was named as a defendant in an action filed by a company against the City and three (3) corporations. The action was filed under the Comprehensive Environmental Response, Compensation and Liability Act, and the Florida Statutes, for the alleged release of hazardous substances and/or pollutants as a result of the former operation of a manufactured gas plant during the 1880s until the year 1952. The action alleges that the City owned the plant from 1924 until 1932 and operated the plant from 1924 until 1928. All parties to the complaint have signed a Joint Stipulation for Stay of Action, filed with the Court on May 14, 1992. In 1992, the Plaintiff and all Defendants in this cause of action 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 Florida Department of Environmental Protection (FDEP). In early 1995, the lawsuit was dismissed. The parties listed above have entered into an agreement under which the City would be responsible for approximately 13% of the costs of cleaning up soil and groundwater at the site. The estimated cost of the clean-up is \$5.6 million, of which the City would pay \$725,940. There will also be an evaluation of surface water sediments at the site which could potentially result in additional costs to the parties, including the City. Each of the parties must approve specific actions taken under the agreement. If a contract is agreed upon, the City's total cost and additional fees may approximate \$1,000,000. The City has reserved \$1,000,000 of its general fund balance. Since this contract has not been approved by FDEP, no liability has been accrued.

Airport Authority

- E. During the year 2000, an airport tenant, Jett Aire Group, Inc., filed a breach of contract claim against the Authority. The Authority feels that although the claim amount is significant, the likelihood of adverse financial consequences is minimal and an estimate of the possible loss, if any, cannot be made.
- F. Threatened litigation also exists involving a contract dispute with a contractor over construction of the instrument landing system and MALSR. The amount in controversy, which is reimbursable from grant funds, is potentially significant; however, an estimate of the possible loss cannot be made.
- G. During the year ended September 30, 2001, the Domestic Terminal project was completed. At September 30, 2001, there is still \$450,357 in deferred revenue for the private sector investment received from TBI that is not yet spent. These funds will be used to pay debt service on grant application note.
- H. In concert with the design and construction of the domestic terminal expansion, the 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 (OSD), will manage all operations involving the domestic terminal. The contractual agreement provides for five (5) fixed annual lump sum payments to the Authority as well as additional minimum operation payments to the Authority for years one through thirty (1-30) in exchange for the revenues generated by the operation of the domestic terminal. The Authority will also participate in a percentage of gross revenues generated from the operation of the domestic terminal should those amounts exceed the minimum operation payments referred to above. Additionally, many expenses and liabilities associated with the operation of the domestic terminal will be removed from the Authority and transferred to OSD.

CITY OF SANFORD, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2001

19. 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, 2001, there was one (1) series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$32,095,000.

20. Component Unit – Sanford CRA

Condensed financial statement information related to the Sanford CRA as of and for the year ended September 30, 2001 is as follows:

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>General Long-Term Debt</u>	<u>Total Combined CRA</u>
<u>Condensed Balance Sheet:</u>				
Cash and cash equivalents	\$ 461,600	\$ -	\$ -	\$ 461,600
Amount to be provided for retirement of general long-term debt	-	-	6,495,000	6,495,000
Total Assets and Other Debits	<u>\$ 461,600</u>	<u>\$ -</u>	<u>\$ 6,495,000</u>	<u>\$ 6,956,600</u>
Bonds payable	\$ -	\$ -	\$ 6,495,000	\$ 6,495,000
Fund Balance:				
Unreserved-Undesignated	461,600	-	-	461,600
Total Liabilities and Fund Balances	<u>\$ 461,600</u>	<u>\$ -</u>	<u>\$ 6,495,000</u>	<u>\$ 6,956,600</u>
<u>Condensed Revenues, Expenditures and Changes in Fund Balances:</u>				
Revenues:				
Taxes	\$ 499,017	\$ -	\$ -	\$ 499,017
Interest	25,351	-	-	25,351
Total revenues	<u>524,368</u>	<u>-</u>	<u>-</u>	<u>524,368</u>
Expenditures:				
Principal retirement	-	200,000	-	200,000
Interest and fiscal charges	-	328,962	-	328,962
Total expenditures	<u>-</u>	<u>528,962</u>	<u>-</u>	<u>528,962</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>524,368</u>	<u>(528,962)</u>	<u>-</u>	<u>(4,594)</u>
Other Financing Sources (Uses)				
Operating transfers from primary government	135,902	-	-	135,902
Operating transfers (out) in	(528,962)	528,962	-	-
Total Other Financing Sources (Uses)	<u>(393,060)</u>	<u>528,962</u>	<u>-</u>	<u>135,902</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	131,308	-	-	131,308
Fund Balances, October 1, 2000	330,292	-	-	330,292
Fund Balances, September 30, 2001	<u>\$ 461,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 461,600</u>

CITY OF SANFORD, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2001

21. Airport Authority - Other:

Line of Credit – The Authority signed a revenue note agreement for \$1,500,000 with a financial institution in May 2001. This revenue note is a renewal of a \$1,500,000 revenue bond issued during 2000. This line of credit is secured by a pledge of landing fee revenue and bears interest at .75% under the bank's prime rate. At September 30, 2001, the outstanding balance was \$0. Therefore, the Authority had available \$1,500,000 at September 30, 2001.

The Authority also signed a promissory note with the City for \$388,075 in September 2001; however, the Authority did not borrow any amount at September 30, 2001, and therefore, the Authority has available a line of credit up to \$388,075. The interest rate will be based on what Florida State Board of Administration pays the City on its reserve accounts. In addition, the Authority has available a line of credit up to \$425,000, at prime rate, with Orlando Sanford Domestic, Inc. under the management agreement discussed in Note 18.H. The Authority has not borrowed anything on this line of credit.

22. New Accounting Pronouncements:

The City and its component units implemented GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* in fiscal year ended September 30, 2001. This statement requires governmental entities that use proprietary fund accounting to recognize capital contributions and grants as revenues, not contributed capital or direct additions to equity. However, governments are not allowed to restate contributed capital arising from periods prior to implementation of Statement No. 33 until implementation of GASB Statement No. 34. As a result, for the year ended September 30, 2001, the City recorded \$5,130,667 and the Airport Authority recorded \$9,690,855 as non-operating revenues, rather than as direct additions to equity.

The GASB has issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analyses – for State and Local Governments*. This statement is a change in the reporting model for governmental entities. It will require a "dual perspective" approach along with management discussion and analysis and reporting of infrastructure assets and depreciation. Due to the significance of the changes, the GASB has allowed an extended implementation period depending on the entities' revenues. The City and its components units will implement this standard no later than fiscal year ending September 30, 2003.



Required Supplemental Information

CITY OF SANFORD, FLORIDA

SCHEDULE OF FUNDING PROGRESS

Year Ended September 30, 2001

<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>
Police Officers' Retirement System						
10/1/1996	12,241,737	13,342,054	1,100,317	91.75%	2,693,765	40.85%
10/1/1997	13,679,367	15,509,410	1,830,043	88.20%	2,492,585	73.42%
10/1/1998	15,725,789	17,576,478	1,850,689	89.47%	2,836,950	65.24%
10/1/1999	17,591,379	19,541,704	1,950,325	90.02%	2,849,125	68.45%
10/1/2000	19,432,369	21,244,881	1,812,512	91.47%	3,194,472	56.74%
10/1/2001	20,032,657	21,642,332	1,609,675	92.56%	3,612,283	44.56%
Firefighters' Retirement System						
10/1/1996	8,019,626	9,694,455	1,674,829	82.72%	1,695,444	98.78%
10/1/1997	8,957,875	10,863,990	1,906,115	82.45%	1,659,287	114.88%
10/1/1998	10,203,906	12,476,469	2,272,563	81.79%	1,825,725	124.47%
10/1/1999	11,251,058	13,515,882	2,264,824	83.24%	1,821,056	124.37%
10/1/2000	12,268,181	14,313,055	2,044,873	85.71%	2,050,682	99.72%
10/1/2001	12,611,092	14,613,575	2,002,483	86.30%	2,107,190	95.03%

CITY OF SANFORD, FLORIDA

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended September 30, 2001

<u>Year Ended Sept. 30,</u>	<u>Annual Required Contribution</u>	<u>City Contribution</u>	<u>State Contribution</u>	<u>Percentage Contribution</u>
Police Officers' Retirement System				
1996	469,663	335,548	134,115	100.00%
1997	411,519	265,008	146,512	100.00%
1998	304,886	285,753	155,028	144.57%
1999	387,251	284,467	155,028 *	113.49%
2000	177,788	156,514	155,028 *	175.23%
2001	168,958	172,990	157,123 *	195.38%
Firefighters' Retirement System				
1996	268,590	172,928	100,843	101.93%
1997	246,416	168,889	100,529	109.33%
1998	265,522	190,886	115,162	115.26%
1999	304,019	193,325	115,162 *	101.47%
2000	269,925	207,895	115,162 *	119.68%
2001	323,755	213,689	125,840 *	104.87%

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

CITY OF SANFORD, FLORIDA

NOTES TO SCHEDULE OF FUNDING PROGRESS

Year Ended September 30, 2001

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. As discussed more fully in Note 14.B. to the financial statements, the preceding data was acquired from the most recent actuarial valuation available at the time of the financial statement issuance. Additional information as of the latest actuarial valuation follows:

	<u>Police Officers'</u>	<u>Firefighters'</u>
Valuation date	10/1/2000	10/1/2000
Actuarial cost method	Frozen Entry Age	Frozen Entry Age
Amortization method	Level percent, closed	Level percent, closed
Remaining amortization period	25 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)	6.50%	6.50%
Inflation rate	3.00%	3.00%
Postretirement benefit increases	0.00%	0.00%

CITY OF SANFORD, FLORIDA
COMBINING AND INDIVIDUAL FUNDS STATEMENTS –
BY FUND TYPE

Combining Financial statements provide a more detailed view of the “General-Purpose Financial Statements” presented in the preceding subsection.



CITY OF SANFORD, FLORIDA

GENERAL FUND

To account for resources associated with the general government operations that are not required to be accounted for in another fund.

**CITY OF SANFORD, FLORIDA
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

Year Ended September 30, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 13,612,637	\$ 14,130,587	\$ 517,950
Licenses and permits	938,180	1,177,175	238,995
Intergovernmental revenues	4,786,222	4,131,529	(654,693)
Charges for services	4,074,261	4,379,973	305,712
Fines and forfeitures	176,700	248,409	71,709
Contributions	26,465	31,947	5,482
Interest	864,500	914,281	49,781
Administrative services	832,753	832,753	-
Miscellaneous revenue	185,453	245,537	60,084
Total Revenues	25,497,171	26,092,191	595,020
Expenditures:			
General government:			
City Commission	227,159	212,814	14,345
City Manager	375,844	345,923	29,921
Legal	126,440	106,712	19,728
City Clerk	241,520	202,816	38,704
Finance	869,315	754,323	114,992
Personnel / EEO	357,354	330,400	26,954
Civil service	62,243	47,822	14,421
Licensing	40,045	38,585	1,460
Public employee relations	13,511	23,099	(9,588)
Engineering and planning	791,368	773,309	18,059
Data processing	328,440	276,248	52,192
Code Enforcement Board	313,022	223,785	89,237
Community development - administration	128,307	125,733	2,574
Special programs	242,913	212,516	30,397
Public Safety:			
Police	8,385,932	8,210,416	175,516
Fire	3,996,396	3,848,794	147,602
Buildings, codes and zoning	434,118	391,858	42,260
Transportation	3,812,923	2,113,099	1,699,824
Physical environment	3,378,634	3,264,698	113,936
Economic environment	776,500	67,517	708,983
Human services	190,500	97,752	92,748
Culture / Recreation	3,776,987	3,361,197	415,790
Contingencies	450,880	-	450,880
Total expenditures	29,320,351	25,029,416	4,290,935
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,823,180)	1,062,775	4,885,955
Other Financing Sources (Uses):			
Operating transfer to component unit	(135,902)	(135,902)	-
Operating transfers in	383,445	383,445	-
Operating transfers out	(1,112,441)	(1,101,239)	11,202
Total Other Financing Sources (Uses):	(864,898)	(853,696)	11,202
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(4,688,078)	209,079	4,897,157
Fund Balances, October 1, 2000	4,526,530	13,970,245	9,443,715
Residual equity transfer	161,548	161,548	-
Fund Balances, September 30, 2001	\$ -	\$ 14,340,872	\$ 14,340,872

See accompanying notes to financial statements.

CITY OF SANFORD, FLORIDA

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:

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.

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.

Community Development Block Grant Fund:

To account for grants received by the City as subgrantee under the Small Cities Community Development Block Grant Program which, is administered by the State of Florida Department of Community Affairs. Grant proceeds are utilized to provide rehabilitation improvements to blighted areas of the City.

Other Grants Fund:

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

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

To account for impact fees collected by the City to be used solely for the expansion or acquisition of capital facilities or equipment made necessary by the new construction from which the fees were collected or for principal payments (including sinking fund payments) on bonds to expand or acquire such facilities or equipment.

CITY OF SANFORD, FLORIDA

COMBINING BALANCE SHEET

ALL SPECIAL REVENUE FUNDS

September 30, 2001

Assets	Local Option Gas Tax	Police Education	Law Enforcement Trust	Community Development Block Grant
Cash and cash equivalents	\$ 1,123,866	\$ 40,730	\$ 961,677	\$ -
Due from other funds	-	-	-	4,463
Due from other governments	68,395	972	-	-
Total Assets	\$ 1,192,261	\$ 41,702	\$ 961,677	\$ 4,463
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	\$ 56,226	\$ -	\$ 1,800	\$ 4,463
Due to other funds	-	-	-	-
Deferred revenues	-	30,175	-	-
Total liabilities	56,226	30,175	1,800	4,463
Fund Equity:				
Fund Balances:				
Unreserved/Undesignated	1,136,035	11,527	959,877	-
Total fund equity	1,136,035	11,527	959,877	-
Total Liabilities and Fund Equity	\$ 1,192,261	\$ 41,702	\$ 961,677	\$ 4,463

See accompanying notes to financial statements.

Other Grants	Recreation Facilities Impact Fees	Fire Public Safety Facilities Impact Fees	Police Public Safety Facilities Impact Fees	Total
\$ -	\$ 1,090,813	\$ 315,019	\$ 825,560	\$ 4,357,665
9,479	-	-	-	13,942
114,845	-	-	-	184,212
<u>\$ 124,324</u>	<u>\$ 1,090,813</u>	<u>\$ 315,019</u>	<u>\$ 825,560</u>	<u>\$ 4,555,819</u>
\$ 47,307	\$ -	\$ -	\$ -	\$ 109,796
29,796	-	-	-	29,796
-	-	-	-	30,175
<u>77,103</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>169,767</u>
47,221	1,090,813	315,019	825,560	4,386,052
<u>47,221</u>	<u>1,090,813</u>	<u>315,019</u>	<u>825,560</u>	<u>4,386,052</u>
<u>\$ 124,324</u>	<u>\$ 1,090,813</u>	<u>\$ 315,019</u>	<u>\$ 825,560</u>	<u>\$ 4,555,819</u>

CITY OF SANFORD, FLORIDA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES**

ALL SPECIAL REVENUE FUNDS

Year Ended September 30, 2001

	Local Option Gas Tax	Police Education	Law Enforcement Trust	Community Development Block Grant
Revenues:				
Taxes	\$ 807,576	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	4,463
Fines and forfeitures	-	12,699	904,781	-
Interest	55,693	1,843	36,369	-
Miscellaneous revenue	-	-	-	2,691
Impact Fees	-	-	-	-
Total Revenues	863,269	14,542	941,150	7,154
Expenditures:				
Public safety	-	11,142	36,664	-
Transportation	638,714	-	-	-
Economic environment	-	-	-	7,957
Total Expenditures	638,714	11,142	36,664	7,957
Excess (Deficiency) of Revenues Over (Under) Expenditures	224,555	3,400	904,486	(803)
Other Financing Sources (Uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	(124,796)	-
Total Other Financing Sources (Uses)	-	-	(124,796)	-
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	224,555	3,400	779,690	(803)
Fund Balances, October 1, 2000	911,480	8,127	180,187	803
Fund Balances, September 30, 2001	\$ 1,136,035	\$ 11,527	\$ 959,877	\$ -

See accompanying notes to financial statements.

Other Grants	Recreation Facilities Impact Fees	Fire Public Safety Facilities Impact Fees	Police Public Safety Facilities Impact Fees	Total
\$ -	\$ -	\$ -	\$ -	\$ 807,576
384,439	-	-	-	388,902
-	-	-	-	917,480
-	42,856	12,837	47,341	196,939
-	-	-	-	2,691
-	428,185	98,947	189,960	717,092
<u>384,439</u>	<u>471,041</u>	<u>111,784</u>	<u>237,301</u>	<u>3,030,680</u>
-	-	-	-	47,806
-	-	-	-	638,714
<u>351,722</u>	-	-	-	<u>359,679</u>
<u>351,722</u>	-	-	-	<u>1,046,199</u>
<u>32,717</u>	<u>471,041</u>	<u>111,784</u>	<u>237,301</u>	<u>1,984,481</u>
-	-	-	-	-
-	(19,541)	-	(239,108)	(383,445)
-	(19,541)	-	(239,108)	(383,445)
32,717	451,500	111,784	(1,807)	1,601,036
14,504	639,313	203,235	827,367	2,785,016
<u>\$ 47,221</u>	<u>\$ 1,090,813</u>	<u>\$ 315,019</u>	<u>\$ 825,560</u>	<u>\$ 4,386,052</u>



CITY OF SANFORD, FLORIDA

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by Proprietary Funds and Trust Funds.

East-West Connector Construction Fund:

To account for road construction funded by one-cent gas tax disbursed by Seminole County.

Stadium Renovation Fund:

To account for stadium renovations, funding is from proceeds of Series 2000 Special Facility Revenue Bonds in the amount of \$1,750,000.

CITY OF SANFORD, FLORIDA
COMBINING BALANCE SHEET
ALL CAPITAL PROJECTS FUNDS

September 30, 2001

Assets	East-West Connector Construction	Stadium Renovation	Totals
Cash and cash equivalents	\$ -	\$ 327,009	\$ 327,009
Due from other governments	359,118	-	359,118
Total assets	\$ 359,118	\$ 327,009	\$ 686,127
Liabilities and Fund Equity			
Accounts payable	\$ 175,338	\$ 327,009	\$ 502,347
Due to other funds	266,043	-	266,043
Total liabilities	441,381	327,009	768,390
Fund Balances (Deficit):			
Unreserved, undesignated	(82,263)	-	(82,263)
Total Liabilities and Fund Balances (Deficit)	\$ 359,118	\$ 327,009	\$ 686,127

See accompanying notes to financial statements.

CITY OF SANFORD, FLORIDA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES**

ALL CAPITAL PROJECTS FUNDS

September 30, 2001

	East-West Connector Construction	Stadium Renovation	Totals
Revenues:			
Taxes	\$ 833,401	\$ -	\$ 833,401
Interest	-	64,142	64,142
	<hr/>	<hr/>	<hr/>
Total revenues	833,401	64,142	897,543
	<hr/>	<hr/>	<hr/>
Expenditures:			
Capital outlay:			
Transportation	880,010	-	880,010
Culture/recreation	-	2,094,180	2,094,180
	<hr/>	<hr/>	<hr/>
Total expenditures	880,010	2,094,180	2,974,190
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(46,609)	(2,030,038)	(2,076,647)
Other financing sources:			
Operating transfers in	-	261,942	261,942
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(46,609)	(1,768,096)	(1,814,705)
Fund Balances (Deficit), October 1, 2000	(35,654)	1,768,096	1,732,442
	<hr/>	<hr/>	<hr/>
Fund Balances (Deficit), September 30, 2001	\$ (82,263)	\$ -	\$ (82,263)
	<hr/>	<hr/>	<hr/>

See accompanying notes to financial statements.



CITY OF SANFORD, FLORIDA

ENTERPRISE FUNDS

Enterprise Funds account for operations that are financed and operated in a manner similar to private enterprise, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City has the following Enterprise Funds:

Water and Sewer Fund:

To account for the fiscal activities of the City's water and sewer treatment and distribution operations, as well as the funding and payment of related debt.

Stormwater Fund:

To account for the operations of the City's Stormwater management utility.

CITY OF SANFORD, FLORIDA

COMBINING BALANCE SHEET

ALL ENTERPRISE FUNDS

September 30, 2001

Assets	<u>Water and Sewer</u>	<u>Stormwater</u>	<u>Totals</u>
Current Assets:			
Cash and cash equivalents	\$ 5,295,308	\$ 1,263,588	\$ 6,558,896
Accounts receivable	1,707,385	113,563	1,820,948
Allowance for estimated uncollectibles	(175,518)	(13,831)	(189,349)
Prepaid expenditures and other assets	-	950,000	950,000
Due from other governments	866,336	-	866,336
Total current assets	7,693,511	2,313,320	10,006,831
Restricted Assets:			
Restricted cash and cash equivalents:			
Sinking Fund	7,270,594	-	7,270,594
Renewal and Replacement Fund	200,000	-	200,000
Operating Reserve Fund	499,386	-	499,386
Customer Deposits	813,119	-	813,119
Utility Trust Impact Fees	6,943,622	-	6,943,622
Total restricted assets	15,726,721	-	15,726,721
Property, Plant and Equipment:			
Land	4,916,702	168,072	5,084,774
Buildings and improvements	280,857	1,161	282,018
Water and sewer system	77,578,934	-	77,578,934
Stormwater management system	-	8,185,018	8,185,018
Equipment	4,149,495	1,120,239	5,269,734
	86,925,988	9,474,490	96,400,478
Less accumulated depreciation	(15,131,173)	(3,248,773)	(18,379,946)
	71,794,815	6,225,717	78,020,532
Construction in progress	7,649,054	1,180	7,650,234
Total property, plant and equipment	79,443,869	6,226,897	85,670,766
Other Assets:			
Unamortized bond costs	1,887,408	9,554	1,896,962
Irrigation rights, net	1,309,800	-	1,309,800
Total other assets	3,197,208	9,554	3,206,762
Total Assets	\$ 106,061,309	\$ 8,549,771	\$ 114,611,080

See accompanying notes to financial statements.

CITY OF SANFORD, FLORIDA

COMBINING BALANCE SHEET

ALL ENTERPRISE FUNDS

September 30, 2001

Liabilities and Fund Equity	Water and Sewer	Stormwater	Totals
Current Liabilities (payable from current assets):			
Accounts payable	\$ 843,874	\$ 7,212	\$ 851,086
Accrued liabilities	112,559	16,676	129,235
Accrued sick and vacation pay	27,746	3,076	30,822
Accrued interest payable	110,165	-	110,165
Deferred revenue	34,225	-	34,225
Due to other governments	2,504	-	2,504
Notes, loan and contracts payable, current	444,425	-	444,425
	<u>1,575,498</u>	<u>26,964</u>	<u>1,602,462</u>
Current Liabilities (payable from restricted assets):			
Customer deposits	813,119	-	813,119
	<u>813,119</u>	<u>-</u>	<u>813,119</u>
Other Liabilities:			
Accrued compensated absences	184,021	22,858	206,879
Notes, loan and contracts payable	11,508,770	-	11,508,770
Bonds payable	30,815,000	3,044,695	33,859,695
	<u>42,507,791</u>	<u>3,067,553</u>	<u>45,575,344</u>
Total liabilities	<u>44,896,408</u>	<u>3,094,517</u>	<u>47,990,925</u>
Fund Equity:			
Contributions	40,493,032	2,174,194	42,667,226
Retained Earnings:			
Reserve for renewal and replacement	200,000	-	200,000
Operating reserve	499,386	-	499,386
Unreserved	19,972,483	3,281,060	23,253,543
	<u>20,671,869</u>	<u>3,281,060</u>	<u>23,952,929</u>
Total fund equity	<u>61,164,901</u>	<u>5,455,254</u>	<u>66,620,155</u>
Total Liabilities and Fund Equity	<u>\$ 106,061,309</u>	<u>\$ 8,549,771</u>	<u>\$ 114,611,080</u>

CITY OF SANFORD, FLORIDA

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
RETAINED EARNINGS**

ALL ENTERPRISE FUNDS

Year Ended September 30, 2001

	<u>Water and Sewer</u>	<u>Stormwater</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 9,640,945	\$ 1,520,029	\$ 11,160,974
Operating Expenses:			
Personal services	3,218,332	495,283	3,713,615
Materials	2,237,177	154,125	2,391,302
Other services	858,927	168,697	1,027,624
Depreciation	1,568,711	207,072	1,775,783
Amortization	88,800	-	88,800
Total Operating Expenses	<u>7,971,947</u>	<u>1,025,177</u>	<u>8,997,124</u>
Operating Income	<u>1,668,998</u>	<u>494,852</u>	<u>2,163,850</u>
Non Operating Revenues (Expenses):			
Interest income	1,073,844	78,988	1,152,832
Other income	389,420	1,980	391,400
Capital Contributions	5,130,667	-	5,130,667
Interest expense	(1,850,787)	(145,858)	(1,996,645)
Amortization of debt costs	(113,936)	(791)	(114,727)
Total Non Operating Revenues (Expenses)	<u>4,629,208</u>	<u>(65,681)</u>	<u>4,563,527</u>
Other financing sources:			
Operating transfers in	<u>51,645</u>	<u>8,817</u>	<u>60,462</u>
Net Income	6,349,851	437,988	6,787,839
Retained Earnings, October 1, 2000	<u>14,322,018</u>	<u>2,843,072</u>	<u>17,165,090</u>
Retained Earnings, September 30, 2001	<u>\$ 20,671,869</u>	<u>\$ 3,281,060</u>	<u>\$ 23,952,929</u>

See accompanying notes to financial statements.

CITY OF SANFORD, FLORIDA

COMBINING STATEMENT OF CASH FLOWS

ALL ENTERPRISE FUNDS

Year Ended September 30, 2001

	<u>Water and Sewer</u>	<u>Stormwater</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Cash received from customers	\$ 9,349,155	\$ 1,481,056	\$ 10,830,211
Cash payments to suppliers for goods and services	(2,815,377)	(381,543)	(3,196,920)
Cash payments to employees for services	(3,193,302)	(497,473)	(3,690,775)
Other revenues	375,984	1,980	377,964
Net cash provided by operating activities	<u>3,716,460</u>	<u>604,020</u>	<u>4,320,480</u>
Cash Flows from Noncapital Financing Activities:			
Decrease in due from other governments	(538,669)	-	(538,669)
Operating transfers in from other funds	51,645	8,817	60,462
Increase in due to other governments	1,231	-	1,231
Net cash provided (used) by noncapital financing activities	<u>(485,793)</u>	<u>8,817</u>	<u>(476,976)</u>
Cash Flows from Capital and Related Financing Activities:			
Capital contributed by other governments and developers	5,130,667	-	5,130,667
Acquisition and construction of capital assets	(8,678,561)	(613,783)	(9,292,344)
Proceeds from sale of property, plant and equipment	304,117	-	304,117
Proceeds from loans	3,316,077	-	3,316,077
Principal paid on revenue bonds	(840,000)	(252,030)	(1,092,030)
Principal paid on notes and capital lease obligation	(429,390)	-	(429,390)
Interest paid on revenue bonds, notes payable and capital lease obligations	(1,850,787)	(145,858)	(1,996,645)
Net cash provided (used) by capital and related financing activities	<u>(3,047,877)</u>	<u>(1,011,671)</u>	<u>(4,059,548)</u>
Cash Flows from Investing Activities:			
Interest income	1,073,844	78,988	1,152,832
Net cash provided by investing activities	<u>1,073,844</u>	<u>78,988</u>	<u>1,152,832</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,256,634	(319,846)	936,788
Cash and Cash Equivalents at Beginning of Year	<u>19,765,395</u>	<u>1,583,434</u>	<u>21,348,829</u>
Cash and Cash Equivalents at End of Year	<u>\$ 21,022,029</u>	<u>\$ 1,263,588</u>	<u>\$ 22,285,617</u>
Cash and Cash Equivalents Classified as:			
Current assets	\$ 5,295,308	\$ 1,263,588	\$ 6,558,896
Restricted assets	<u>15,726,721</u>	<u>-</u>	<u>15,726,721</u>
	<u>\$ 21,022,029</u>	<u>\$ 1,263,588</u>	<u>\$ 22,285,617</u>

(Continued on next page.)

CITY OF SANFORD, FLORIDA

COMBINING STATEMENT OF CASH FLOWS-CONTINUED

ALL ENTERPRISE FUNDS

Year Ended September 30, 2001

	<u>Water and Sewer</u>	<u>Stormwater</u>	<u>Total</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Income			
Operating Income	\$ 1,668,998	\$ 494,852	\$ 2,163,850
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,568,711	207,072	1,775,783
Amortization of irrigation rights	88,800	-	88,800
Provision for uncollectible accounts	23,078	8,589	31,667
Other non-operating income	375,984	1,980	377,964
Changes in operating assets and liabilities:			
Accounts receivable	(352,338)	(47,562)	(399,900)
Prepaid expenses	10,000	-	10,000
Accounts payable	270,727	(58,721)	212,006
Accrued liabilities	3,075	(1,701)	1,374
Deferred revenue	244	-	244
Customer deposits	37,226	-	37,226
Compensated absences	21,955	(489)	21,466
Total adjustments	<u>2,047,462</u>	<u>109,168</u>	<u>2,156,630</u>
Net Cash Provided by Operating Activities	<u>\$ 3,716,460</u>	<u>\$ 604,020</u>	<u>\$ 4,320,480</u>

See accompanying notes to financial statements.

CITY OF SANFORD, FLORIDA

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, or outside agencies. The City has the following Fiduciary Funds:

Cemetery Expendable Trust Fund:

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

Termination Benefit Reserve Expendable Trust Fund:

To account for the payment of retirement benefits to long-time employees.

Pension Trust Funds:

To account for the contributions, investments and payments for the Police Officers', Firefighters', and General Employees' Retirement Systems.

CITY OF SANFORD, FLORIDA
COMBINING BALANCE SHEET

ALL FIDUCIARY FUNDS

September 30, 2001

Assets	Expendable Trust Funds	
	Cemetery	Termination Benefit Reserve
Cash and cash equivalents	\$ 421,206	\$ 218,320
Investments, at fair value	-	-
Due from other funds	-	-
Total Assets	\$ 421,206	\$ 218,320
Liabilities and Fund Equity		
Liabilities:		
Accounts payable	\$ -	\$ -
Total liabilities	-	-
Fund Equity:		
Net assets held in trust for pension benefits	-	-
Fund Balances:		
Reserved for cemetery perpetual care	421,206	-
Unreserved:		
Designated for payment of termination benefits	-	218,320
Total fund equity	421,206	218,320
Total Liabilities, Fund Equity and Other Credits	\$ 421,206	\$ 218,320

See accompanying notes to financial statements.

Pension Trust Funds

Police Officers' Retirement System	Firefighters' Retirement System	General Employees' Retirement System	Total
\$ -	\$ -	\$ -	\$ 639,526
17,874,254	11,790,111	-	29,664,365
22,207	13,780	-	35,987
<u>\$ 17,896,461</u>	<u>\$ 11,803,891</u>	<u>\$ -</u>	<u>\$ 30,339,878</u>
<u>\$ 27,879</u>	<u>\$ 18,014</u>	<u>\$ -</u>	<u>\$ 45,893</u>
<u>27,879</u>	<u>18,014</u>	<u>-</u>	<u>45,893</u>
17,868,582	11,785,877	-	29,654,459
-	-	-	421,206
-	-	-	218,320
<u>17,868,582</u>	<u>11,785,877</u>	<u>-</u>	<u>30,293,985</u>
<u>\$ 17,896,461</u>	<u>\$ 11,803,891</u>	<u>\$ -</u>	<u>\$ 30,339,878</u>

CITY OF SANFORD, FLORIDA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES**

EXPENDABLE TRUST FUNDS

Year Ended September 30, 2001

	<u>Cemetery</u>	<u>Termination Benefit Reserve</u>	<u>Total</u>
Revenues:			
Interest income	\$ -	\$ 10,942	\$ 10,942
Sale of cemetery plots	17,750	-	17,750
Total revenues	<u>17,750</u>	<u>10,942</u>	<u>28,692</u>
Excess of Revenues Over Expenditures	17,750	10,942	28,692
Fund Balances, October 1, 2000	<u>403,456</u>	<u>207,378</u>	<u>610,834</u>
Fund Balances, September 30, 2001	<u>\$ 421,206</u>	<u>\$ 218,320</u>	<u>\$ 639,526</u>

See accompanying notes to financial statements.

CITY OF SANFORD, FLORIDA

COMBINING STATEMENT OF PLAN NET ASSETS

PENSION TRUST FUNDS

September 30, 2001

	Police Officers' Retirement System	Firefighters' Retirement System	General Employees' Retirement System	Total
Assets				
Investments, at fair value:				
Money market funds	\$ 556,842	\$ 417,323	\$ -	\$ 974,165
Equity securities, individual stocks and mutual funds	9,984,028	6,452,707	-	16,436,735
Mutual funds investing in corporate and U.S. Treasury bonds	7,333,384	4,920,081	-	12,253,465
Total investments	<u>17,874,254</u>	<u>11,790,111</u>	<u>-</u>	<u>29,664,365</u>
Interest receivable - investments	-	-	-	-
Due from other funds	<u>22,207</u>	<u>13,780</u>	<u>-</u>	<u>35,987</u>
Total assets	<u>\$ 17,896,461</u>	<u>\$ 11,803,891</u>	<u>\$ -</u>	<u>\$ 29,700,352</u>
Liabilities				
Accounts payable	<u>\$ 27,879</u>	<u>\$ 18,014</u>	<u>\$ -</u>	<u>\$ 45,893</u>
Total liabilities	<u>27,879</u>	<u>18,014</u>	<u>-</u>	<u>45,893</u>
Net Assets Held in Trust for Pension Benefits	<u>\$ 17,868,582</u>	<u>\$ 11,785,877</u>	<u>\$ -</u>	<u>\$ 29,654,459</u>

See accompanying notes to financial statements.

CITY OF SANFORD, FLORIDA

COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS

PENSION TRUST FUNDS

Year Ended September 30, 2001

	<u>Police Officers' Retirement System</u>	<u>Firefighters' Retirement System</u>	<u>General Employees' Retirement System</u>	<u>Total</u>
Additions:				
Contributions:				
Employer	\$ 362,475	\$ 213,689	\$ 59,963	\$ 636,127
State	168,939	126,682	-	295,621
Plan members and others	207,273	149,585	-	356,858
Total contributions	<u>738,687</u>	<u>489,956</u>	<u>59,963</u>	<u>1,288,606</u>
Investment income:				
Net increase (decrease) in fair value of investments	(2,121,994)	(282,055)	50,054	(2,353,995)
Dividends	138,165	27,271	-	165,436
Interest	456,873	46,756	3,604	507,233
	<u>(1,526,956)</u>	<u>(208,028)</u>	<u>53,658</u>	<u>(1,681,326)</u>
Less investment expenses:				
Custodian fees and investment management fees	106,794	65,338	1,761	173,893
Net investment income	<u>(1,633,750)</u>	<u>(273,366)</u>	<u>51,897</u>	<u>(1,855,219)</u>
Other income:				
Miscellaneous income	52,932	76	-	53,008
Total additions	<u>(842,131)</u>	<u>216,666</u>	<u>111,860</u>	<u>(513,605)</u>
Deductions:				
Benefits	820,042	761,041	-	1,581,083
Refunds of contributions	59,084	15,890	-	74,974
Payment to FRS for past service	-	-	789,029	789,029
Other services and charges	23,067	17,677	-	40,744
Total deductions	<u>902,193</u>	<u>794,608</u>	<u>789,029</u>	<u>2,485,830</u>
Net increase (decrease) in plan assets	(1,744,324)	(577,942)	(677,169)	(2,999,435)
Net Assets Held in Trust for Pension Benefits:				
Beginning of year	19,612,906	12,363,819	838,717	32,815,442
Residual equity transfer	-	-	(161,548)	(161,548)
End of year	<u>\$ 17,868,582</u>	<u>\$ 11,785,877</u>	<u>\$ -</u>	<u>\$ 29,654,459</u>

See accompanying notes to financial statements.

CITY OF SANFORD, FLORIDA
GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets other than those accounted for in proprietary fund types.

CITY OF SANFORD, FLORIDA

SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE

September 30, 2001

General Fixed Assets:	
Land and paving	\$ 1,368,976
Building and improvements	18,242,090
Equipment	<u>12,701,230</u>
Total General Fixed Assets	<u>\$ 32,312,296</u>

Investment in General Fixed Assets From:	
General Fund	\$ 23,654,411
Special Revenue Funds	2,123,605
Capital Project Funds	6,505,755
Contributions/Donations	<u>28,525</u>
Total Investment in General Fixed Assets	<u>\$ 32,312,296</u>

CITY OF SANFORD, FLORIDA

SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY

September 30, 2001

<u>Function and Activity</u>	<u>Land</u>	<u>Improvements</u>	<u>Equipment</u>	<u>Total</u>
General Government:				
Legislative	\$ 478,260	\$ 100,053	\$ 1,464	\$ 579,777
Executive	-	2,036,378	13,582	2,049,960
Finance and Administration	-	249,108	871,024	1,120,132
Economic Environment	2,580	66,033	13,939	82,552
Other	459,769	1,928	1,869,373	2,331,070
Public Safety:				
Police	16,117	1,470,241	4,982,542	6,468,900
Fire	102,304	668,855	2,041,348	2,812,507
Inspections	-	-	35,891	35,891
Public Works:				
Public Works	50,221	5,142,349	1,524,957	6,717,527
Parks/Recreation:				
Parks/Recreation	256,805	7,964,975	1,328,095	9,549,875
Libraries/Museum	2,920	542,170	19,015	564,105
	<u>\$ 1,368,976</u>	<u>\$ 18,242,090</u>	<u>\$ 12,701,230</u>	<u>\$ 32,312,296</u>

CITY OF SANFORD, FLORIDA

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY

September 30, 2001

<u>Function and Activity</u>	<u>Fixed Assets September 30, 2000</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Fixed Assets September 30, 2001</u>
General Government:				
Legislative	\$ 578,313	\$ 1,464	\$ -	\$ 579,777
Executive	2,045,144	4,816	-	2,049,960
Finance and Administration	1,194,985	52,961	127,814	1,120,132
Economic Environment	82,552	-	-	82,552
Other	2,311,673	29,371	9,974	2,331,070
Public Safety:				
Police	5,627,684	964,224	123,008	6,468,900
Fire	2,659,444	156,973	3,910	2,812,507
Inspections	20,912	14,979	-	35,891
Public Works:				
Public Works	6,498,627	327,406	108,506	6,717,527
Parks/Recreation:				
Parks/Recreation	7,060,252	2,495,210	5,587	9,549,875
Libraries/Museum	564,324	-	219.00	564,105
	<u>\$ 28,643,910</u>	<u>\$ 4,047,404</u>	<u>\$ 379,018</u>	<u>\$ 32,312,296</u>

CITY OF SANFORD, FLORIDA

STATISTICAL SECTION

Year Ended September 30, 2001

The Statistical Section consists of tables and charts designed to provide the reader with insights into the financial position of the City which are not readily apparent from the Financial Statements.

The following statistical tables recommended for inclusion by the Government Accounting Standards Board are not included for the reasons stated:

- A. Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt per Capita - Last Ten Fiscal Years

During the past ten years, the City had no general bonded indebtedness.

- B. Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Governmental Expenditures - Last Ten Fiscal Years

During the past ten years, the City had no general bonded indebtedness.

- C. Computation of Legal Debt Margin

Neither the Constitution of the State of Florida, the Florida Statutes, nor the Charter of the City sets a legal debt margin.

- D. Special Assessments Billing and Collections - Last Ten Fiscal Years

During the past ten years, the City had no Special Assessment Debt.

The following statistical tables include the primary government only.

TABLE I

CITY OF SANFORD, FLORIDA

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)

LAST TEN FISCAL YEARS

(amounts expressed in thousands)

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Transportation</u>	<u>Physical Environment</u>	<u>Economic Environment</u>	<u>Human Services</u>	<u>Culture/Recreation</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
1992	\$ 1,698	\$ 7,017	\$ 1,443	\$ -	\$ 985	\$ 32	\$ 1,865	\$ 186	\$ 438	\$ 13,664
1993	2,693	7,106	2,719	52	448	17	2,184	435	649	16,303
1994	2,681	7,693	1,711	134	568	10	2,101	256	565	15,719
1995	2,281	7,650	1,622	48	471	13	2,070	6,936	940	22,031
1996	2,397	7,850	1,801	-	645	2	2,193	1,741	971	17,600
1997	2,426	7,971	1,906	-	950	9	2,264	1,280	971	17,777
1998	2,903	9,008	1,928	-	1,349	8	2,519	1,065	609	19,389
1999	3,101	8,850	1,884	-	793	18	2,513	3,005	387	20,551
2000	3,610	9,348	2,237	2,628	417	73	2,671	2,527	304	23,815
2001	3,571	11,422	2,424	3,265	423	98	2,964	1,909	1,163	27,239

(1) Includes General, Special Revenue and Debt Service Funds.

CITY OF SANFORD, FLORIDA

GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)

LAST TEN FISCAL YEARS

(amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Inter-governmental</u>	<u>Charges for Services</u>	<u>Fines and Forfeitures</u>	<u>Miscellaneous</u>	<u>Total</u>
1992	\$ 9,119	\$ 246	\$ 3,083	\$ 206	\$ 253	\$ 1,541	\$ 14,448
1993	9,265	346	3,236	407	852	1,387	15,493
1994	9,365	505	3,253	454	332	1,413	15,322
1995	9,794	697	3,322	611	330	1,700	16,454
1996	10,881	661	3,796	601	314	1,502	17,755
1997	12,143	752	4,059	661	253	1,598	19,466
1998	12,623	713	4,695	1,006	270	1,762	21,069
1999	13,522	851	5,228	1,053	383	1,967	23,004
2000	14,276	1,081	4,230	4,067	285	2,819	26,758
2001	14,938	1,177	4,520	4,380	1,166	2,959	29,140

(1) Includes General, Special Revenue and Debt Service Funds.

CITY OF SANFORD, FLORIDA

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE (1)

LAST TEN FISCAL YEARS

(amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Property Taxes</u>	<u>Local Option Gas and Use Taxes</u>	<u>Franchise Fees</u>	<u>Utility Services</u>	<u>Other Taxes</u>	<u>Total</u>
1992	\$ 4,671	\$ 577	\$ 1,536	\$ 2,334	\$ 1	\$ 9,119
1993	4,745	535	1,513	2,467	6	9,265
1994	4,820	485	1,555	2,500	6	9,365
1995	5,213	451	1,552	2,567	11	9,794
1996	5,281	482	1,849	3,258	11	10,881
1997	6,243	570	1,901	3,414	15	12,143
1998	6,337	589	1,986	3,693	18	12,623
1999	6,492	846	2,315	3,858	11	13,522
2000	6,916	817	2,224	4,307	12	14,276
2001	7,256	808	2,603	4,252	19	14,938

(1) Includes General, Special Revenue and Debt Service Funds

Source: "Annual Financial Report of Units of Local Government"

CITY OF SANFORD, FLORIDA

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

<u>Tax Year</u>	<u>Fiscal Year</u>	<u>Total Tax Levy (1)</u>	<u>Current Tax Collections (2)</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Collections As % of Current Levy</u>
1991	1992	\$ 4,884,578	\$ 4,648,748	95.17%	\$ 21,985	\$ 4,670,733	95.62%
1992	1993	5,025,643	4,713,523	93.79%	31,021	4,744,544	94.41%
1993	1994	5,042,337	4,787,604	94.95%	31,905	4,819,509	95.58%
1994	1995	5,312,281	5,013,541	94.38%	199,265	5,212,806	98.13%
1995	1996	5,482,048	5,219,577	95.21%	61,807	5,281,384	96.34%
1996	1997	6,407,351	6,197,399	96.72%	46,104	6,243,503	97.44%
1997	1998	6,816,324	6,274,222	92.05%	62,933	6,337,155	92.97%
1998	1999	6,781,938	6,472,094	95.43%	19,775	6,491,869	95.72%
1999	2000	7,188,198	6,831,026	95.03%	84,672	6,915,698	96.21%
2000	2001	7,569,251	7,208,953	95.24%	46,767	7,255,720	95.86%

(1) Total assessed value times millage rate.

(2) Includes General Fund.

Source: "Annual Financial Report of Units of Local Government"

TABLE IV

CITY OF SANFORD, FLORIDA

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (1)

LAST TEN FISCAL YEARS

(amounts expressed in thousands)

Tax Year	Fiscal Year	Real Property		Personal Property		Centrally Assessed Property (2)		Total		Ratio of Total Assessed to Total Estimated Actual Value
		Assessed Value (1)	Estimated Actual Value	Assessed Value (1)	Estimated Actual Value	Assessed Value (1)	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1991	1992	\$ 597,060	\$ 597,060	\$ 112,426	\$ 112,426	\$ 905	\$ 905	\$ 710,391	\$ 710,391	100.00%
1992	1993	614,453	614,453	115,532	115,532	922	922	730,907	730,907	100.00%
1993	1994	616,887	616,887	115,502	115,502	946	946	733,335	733,335	100.00%
1994	1995	649,068	649,068	122,366	122,366	1,160	1,160	772,594	772,594	100.00%
1995	1996	664,468	686,433	131,296	135,636	1,161	1,199	796,925	823,269	96.80%
1996	1997	771,712	797,223	159,142	164,403	1,002	1,035	931,856	962,661	96.80%
1997	1998	810,040	810,040	179,625	179,625	1,671	1,671	991,336	991,336	100.00%
1998	1999	860,728	877,399	193,660	197,411	1,357	1,383	1,055,745	1,076,193	98.10%
1999	2000	921,760	929,194	204,173	205,820	2,264	2,282	1,128,197	1,137,296	99.20%
2000	2001	973,327	995,222	214,988	219,824	2,162	2,211	1,190,477	1,217,257	97.80%

(1) Source "Certification of Taxable Value" as filed with the Seminole County Property Appraiser's Office.

(2) Centrally assessed property consists of railroad and telegraph systems assessed by the State of Florida.

CITY OF SANFORD, FLORIDA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS (1) (2)

LAST TEN FISCAL YEARS

<u>Tax Year</u>	<u>Fiscal Year</u>	<u>City of Sanford</u>	<u>Seminole County</u>	<u>Seminole County School Board</u>	<u>Other</u>	<u>Total</u>
1991	1992	6.8759	5.6970	10.089	0.358	23.0199
1992	1993	6.8759	5.4197	10.071	0.358	22.7246
1993	1994	6.8759	5.3841	10.043	0.470	22.7730
1994	1995	6.8759	5.3622	10.093	0.482	22.8131
1995	1996	6.8759	5.3772	10.337	0.482	23.0721
1996	1997	6.8759	5.3889	10.3080	0.482	23.0548
1997	1998	6.8759	5.3625	10.0360	0.482	22.7564
1998	1999	6.8700	5.2813	9.9180	0.482	22.5513
1999	2000	6.7900	5.1159	9.5410	0.482	21.9289
2000	2001	6.7500	5.1072	9.3450	0.472	21.6742

(1) Source : Seminole County Tax Collector's Office and City of Sanford Finance Department

(2) Rates are stated as an amount per \$1,000 of assessment value

TABLE VI

CITY OF SANFORD, FLORIDA

PRINCIPAL TAXPAYERS (1)

September 30, 2001

<u>Taxpayer Name</u>	<u>Business Name</u>	<u>Type of Business</u>	<u>2000 Assessed Value</u>	<u>2001 Assessed City Taxes</u>	<u>Percent of Total Assessed Taxes</u>
Seminole Towne Center, LP	Seminole Towne Center Mall	Shopping Center	\$ 89,462,161	\$ 603,870	7.51%
BellSouth	BellSouth	Telecommunications	30,710,891	207,299	2.58%
Central Florida Regional Hospital	Central Florida Regional Hospital	Hospital	22,295,322	150,493	1.87%
FL Power & Light	FL Power & Light	Utilities	19,051,850	128,600	1.60%
Kimco of Merritt Island, Inc.	Seminole Center	Property Management	16,444,900	111,003	1.38%
ZOM Gateway Plaza	Gateway Plaza	Shopping Center	16,090,760	108,613	1.35%
TWC Ninety-Five Ltd	Windchase Apartments	Apartments	10,504,250	70,904	0.88%
Dillard Department Stores, Inc.	Dillard's	Dept Store	9,754,230	65,841	0.82%
City of Sanford	City of Sanford	Municipality	9,323,801	62,936	0.78%
Placid Lake Association	Placid Lake Association	Land Development	9,244,610	62,401	0.78%

(1) Sources : Research conducted by the City of Sanford Finance Department from data supplied by the Seminole County Property Appraiser's Office. Does not necessarily reflect all highest or principal taxpayers.

CITY OF SANFORD, FLORIDA

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

GENERAL OBLIGATION BONDS

September 30, 2001

<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)	\$ 36,595,000	7.73%	\$ 2,828,794
Seminole County Government (2)	14,630,000	7.73%	<u>1,130,899</u>
Total Debt Overlapping			<u>\$ 3,959,693</u>

(1) Source: Seminole County School Board

(2) Source: Seminole County Finance Department

TABLE VIII

CITY OF SANFORD, FLORIDA

REVENUE BOND COVERAGE

WATER AND SEWER BONDS

LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenues (1) (4)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Basic Covenant Coverage
				Principal	Interest	Total	
1992	\$ 7,050,036	\$ 4,789,387	\$ 2,260,649	\$ 245,000	\$ 1,999,423	\$ 2,244,423	1.007
1993	7,496,604	4,871,714	2,624,890	165,000	2,063,790	2,228,790	1.178
1994	8,337,961	5,077,452	3,260,509	620,000	1,843,918	2,463,918	1.323
1995	8,808,567	5,275,785	3,532,782	635,000	1,828,918	2,463,918	1.434
1996	9,362,738	5,539,924	3,822,817	665,000	1,803,131	2,468,131	1.549
1997	9,851,873	5,362,477	4,489,396	695,000	1,774,301	2,469,301	1.818
1998	9,874,955	5,911,245	3,963,710	725,000	1,742,480	2,467,480	1.606
1999	10,250,591	5,866,986	4,383,605	755,000	1,708,180	2,463,180	1.779
2000	10,531,433	5,938,324	4,593,109	795,000	1,670,930	2,465,930	1.863
2001	10,927,894	6,314,436	4,613,458	840,000	1,630,336	2,470,336	1.868

(1) Gross revenues from water and sewer charges for services, plus interest income and service charges

(2) Total operating expenses exclusive of depreciation and amortization of intangibles.

(3) Includes principal and interest of revenue bonds only. Does not include debt defeasance transactions.

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

CITY OF SANFORD, FLORIDA

DEMOGRAPHIC STATISTICS

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate (3)</u>
1992	34,156	8,774	7.1%
1993	34,096	9,060	5.1%
1994	34,542	9,152	5.4%
1995	35,311	9,367	4.1%
1996	35,279	9,345	3.3%
1997	35,529	9,388	3.1%
1998	36,274	9,533	2.6%
1999	37,327	9,523	2.8%
2000	38,974	10,771	3.3%
2001	40,435	10,782	3.6%

Sources: (1) University of Florida research, City of Sanford Engineering Department.

(2) Seminole County School Board. Public schools are under the jurisdiction of the Seminole County School Board. This table reflects the enrollment for public schools within the Sanford city limits.

(3) Florida Department of Labor and Employment Security, Division of Employment Security, Bureau of Labor Market Information. Figures are for Seminole County.

TABLE X

CITY OF SANFORD, FLORIDA

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS

LAST TEN FISCAL YEARS

Fiscal Year	Estimated Actual Value of Total Property (amount in thousands) (1)	Value of Construction Permits Issued (2)	Financial Institutions Deposits (amount in thousands) (3)
1992	\$ 710,391	\$ 16,657,067	\$ 2,328,137
1993	730,907	16,322,862	2,339,756
1994	733,335	41,776,621	2,403,008
1995	772,594	73,241,292	2,452,081
1996	823,269	49,669,055	2,058,040
1997	962,661	52,847,795	2,563,169
1998	991,336	60,347,667	2,638,247
1999	1,055,745	73,369,019	2,883,016
2000	1,128,197	128,430,376	2,942,999
2001	1,190,477	115,185,098	3,217,878

- Sources :
- (1) Seminole County Property Appraiser's Office.
 - (2) City of Sanford Building Department.
 - (3) Florida League of Financial Institutions & Florida Bankers Association
Figures are for Seminole County.

CITY OF SANFORD, FLORIDA

MISCELLANEOUS STATISTICS

September 30, 2001

Date of Incorporation	September 29, 1877
Form of Government	Commission - City Manager
Area	19.97 square miles
Miles of Streets	165 miles
Fire Protection :	
Number of Fire Stations	3
Number of Firefighters and Officers	61
Police Protection :	
Number of Stations	2
Number of Sworn Officers	108
Municipal Water System :	
Number of Customers	12,276
Average Daily Consumption	6.8 MGD
Plant Capacity - All Plants	16.5 MGD
Deep Wells	16
Number of Fire Hydrants	942
Municipal Sewer System :	
Number of Customers	11,370
Treatment Facility Capacity	7.3 MGD
Annual Average Flow	4.346 MGD
Municipal Stormwater System :	
Number of Customers	11,279
Building Permits Issued	3,403
Recreation and Culture :	
Number of Regional Parks	1
Number of Neighborhood Parks	36
Park Area - # of acres	342 acres
Number of Libraries / Museums	1
Number of Books	3,556
City Employees	452



CITY OF SANFORD, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended September 30, 2001

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number/ Pass-Through Grantor's Number</u>	<u>Expenditures</u>
U.S. Department of HUD:			
Passed through:			
Seminole County – Community Development Block Program:			
Community Development Block Grant	14.219		\$16,017
State Department of Community Affairs:			
Weatherization Assistance	81.042	01-LH-62-06-69-02-029	24,204
Weatherization Assistance	81.042	01-WX-69-06-69-02-030	16,047
Weatherization Assistance	81.042	01-LE-35-06-69-02-027	17,353
Low Income Home Energy Assist. Prog.	81.042	00-EA-FS-06-69-02-026	124,003
Low Income Home Energy Assist. Prog.	81.042	01-EA-90-06-69-02-026	<u>159,161</u>
Total Department of HUD			<u>356,785</u>
U.S. Department of Agriculture:			
Passed through:			
State Department of Education:			
Summer Food Service Program	10.559		<u>6,087</u>
U.S. Department of Justice:			
Local Law Enforcement Block Grant	16.580	00-LB-VX-0274	88,588
Local Law Enforcement Block Grant	16.580	00-LB-BX-1174	118,624
Local Law Enforcement Block Grant	16.580	98-UM-WX-1989	100,241
Local Law Enforcement Block Grant	16.580		<u>21,175</u>
Total Department of Justice			<u>328,628</u>
U. S. Environmental Protection Agency:			
Passed through:			
State of Florida Department of Environmental Protection:			
Financial Assistance Grant *	66.606	XP984497-98-01	811,113
Capitalization Grant *	66.458	CS120586220	1,678,345
Capitalization Grant *	66.468	DW5906010	<u>1,637,732</u>
Total Environmental Protection Agency			<u>4,127,190</u>
Total Federal Assistance			<u>\$4,818,690</u>

* Indicates major program

NOTE: This schedule of expenditures of federal awards includes the federal grant activity of the City of Sanford, Florida and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

CITY OF SANFORD, FLORIDA
SCHEDULE OF FEDERAL GUARANTEED LOANS

Year Ended September 30, 2001

	<u>CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Balance September 30, 2001</u>
U.S. Environmental Protection Agency:			
Passed through:			
State Department of Environmental Protection:			
State Revolving Fund Loan	66.458	CS120-586150	\$ 911,211
State Revolving Fund Loan	66.458	CS120-586170	3,845,624
State Revolving Fund Loan	66.458	CS120-586190	340,224
State Revolving Fund Loan	66.458	CS120-586210	1,029,312
State Revolving Fund Loan	66.458	CS120-586220	3,358,547
State Revolving Fund Loan	66.468	DW5906010	<u>2,468,277</u>
			<u>\$11,953,195</u>



REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIALS TATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor, City Commissioners
and City Manager
City of Sanford, Florida

We have audited the financial statements of the City of Sanford, Florida (the "City") (other than the Sanford Airport Authority) as of and for the year ended September 30, 2001, and have issued our report thereon dated December 7, 2001. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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 grants, 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 that are required to be reported under *Government Auditing Standards*.

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 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 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.

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

Greene, Dycus & Co.

Professional Association
Certified Public Accountants
Sanford, Florida
December 7, 2001





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

Honorable Mayor, City Commissioners
and City Manager
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 programs for the year ended September 30, 2001. The City's major federal 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 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 U.S. generally accepted auditing standards; 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 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 programs for the year ended September 30, 2001.

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 grants applicable to federal 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 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 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 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 the management, the City Commission, the Auditor General of the State of Florida and the respective Federal and State program officials and is not intended to be and should not be used by anyone other than these specified parties.

Greene, Dyckus & Co.

Professional Association
Certified Public Accountants
Sanford, Florida
December 7, 2001

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

I. Summary of Auditors' Findings

Financial Statements

1. We have audited the financial statements of the City of Sanford, Florida as of and for the year ended September 30, 2001 and issued an unqualified opinion dated December 7, 2001.
2. A. Material weaknesses identified? – No
B. Reportable conditions identified not considered to be material weaknesses? – None reported
3. The results of our audit tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Federal Awards

4. A. Material weaknesses identified? – No
B. Reportable conditions identified not considered to be material weaknesses? – None reported
5. Our report issued on compliance for major programs was unqualified.
6. Our audit did not disclose any audit findings which are required to be reported under Office of Management and Budget (OMB) circular A-133, Section .510(a).
7. Major programs identified on the Schedule of Expenditures of Federal Awards are as follows:

	<u>CFDA Number</u>
U.S. Environmental Protection Agency:	
Capitalization Grant	66.458
Capitalization Grant	66.468
Financial Assistance Grant	66.606

8. The threshold used to distinguish between Type A and Type B programs is \$300,000.
9. The City of Sanford, Florida qualified as a low-risk audit under provisions of OMB Circular A-133, Section .530.

II. Findings Related to The Financial Statements Required to Be Reported Under *GOVERNMENT AUDITING STANDARDS*

NONE

III. Findings and Questioned Costs for Federal Awards

NONE



Greene, Dycus & Co., P.A. Certified Public Accountants

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Member: American Institute of Certified Public Accountants

Member: Florida Institute of Certified Public Accountants



MANAGEMENT COMMENTS

Honorable Mayor, City Commissioners
and City Manager
City of Sanford, Florida

We have audited the general-purpose financial statements and the combining and individual fund and Account Group financial statements of the City of Sanford, Florida (the "City") (other than the financial statements of the Sanford Airport Authority) as of and for the fiscal year ended September 30, 2001, and have issued our report thereon dated December 7, 2001.

We have issued our report on compliance and internal control dated December 7, 2001. Disclosures in that report, if any, should be considered in conjunction with this management letter.

We conducted our audit in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local government entity audits performed in the State of Florida and require that certain items be addressed in this letter.

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

Greene, Dycus & Co.

Professional Association
Certified Public Accountants
Sanford, Florida
December 7, 2001

James R. Dycus, C.P.A.
William T. Royster, C.P.A.
Roger D. Bowen, C.P.A.
Jack I. Greene, C.P.A. (Ret.)

1. STATUS OF PRIOR YEAR COMMENTS

There were no prior year comments.

2. ANNUAL REPORT UNDER FLORIDA STATUE 218.32

We reviewed the City's financial report, as of September 30, 2001, required to be filed with the Department of Banking and Finance pursuant to Section 218.32(1)(b) of the Florida Statutes. This report was compared with the City's financial statements for the same period. No exceptions were noted during our review.

3. COMPLIANCE WITH STATE REVOLVING LOAN FUND AGREEMENTS

In connection with our audit, nothing came to our attention that caused us to believe that the City was not in compliance with the terms, covenants, provisions or conditions of the following loan agreements insofar as they relate to accounting matters. Additionally, nothing came to our attention that would indicate that the City would be unable to repay the loans. However, our audit was not directed primarily toward obtaining knowledge of such matters.

State Revolving Loan Fund CS 1205 86150
State Revolving Loan Fund CS 1205 86170
State Revolving Loan Fund CS 1205 86190
State Revolving Loan Fund CS 1205 86210
State Revolving Loan Fund CS120586220
State Revolving Loan Fund DW5906010

4. LEGAL AUTHORITY

The City was incorporated in 1877 and is subject to Chapter 165, Florida Statutes.

5. INVESTMENT OF PUBLIC FUNDS

The City has complied with Section 218.415, Florida Statutes regarding the investment of public funds.

6. DETERMINATION OF FINANCIAL EMERGENCY

As required by the Rules of the Auditor General Section 10.554(1)(e)(3), the scope of our audit included a review of the provisions of Section 218.503(1), Florida Statutes, "Determination of Financial Emergency". In connection with our audit, nothing came to our attention that would indicate that the City is in a state of financial emergency as a consequence of the conditions described by Section 218.503(1), Florida Statutes.

7. FINANCIAL CONDITION ASSESSMENT PROCEDURES

The auditors performed financial condition assessment procedures per Auditor General Rule 10.556(8).