



City of Sanford, Florida

Comprehensive Annual Financial Report

For the fiscal year ended September 30, 2011



**CITY OF SANFORD, FLORIDA**

**Comprehensive Annual Financial Report**

**For the fiscal year ended**

**September 30, 2011**

**(With Independent Auditors' Report Thereon)**

Prepared by:  
Department of Finance

**SANFORD**  
FLORIDA  
—1877—

**CITY OF SANFORD, FLORIDA**  
**Comprehensive Annual Financial Report**  
**Year Ended September 30, 2011**

**Contents**

	<b><u>Page</u></b>
<b>INTRODUCTORY SECTION:</b>	
Letter of Transmittal . . . . .	i
Organization Chart . . . . .	vi
Principal Officials . . . . .	vii
Certificate of Achievement for Excellence in Financial Reporting . . . . .	viii
<b>FINANCIAL SECTION:</b>	
Independent Auditor’s Report. . . . .	1
Management’s Discussion and Analysis . . . . .	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets . . . . .	14
Statement of Activities. . . . .	16
Fund Financial Statements:	
Balance Sheet – Governmental Funds . . . . .	18
Reconciliation of the Balance Sheet to the Statement of Net Assets . . . . .	19
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds . . . . .	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in the Fund Balances of Governmental Funds to the Statement of Activities. . . . .	21
Statement of Net Assets – Proprietary Funds . . . . .	22
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds . . . . .	23

**FINANCIAL SECTION: (Continued)**

Basic Financial Statements: (Continued)

Statement of Cash Flows – Proprietary Funds . . . . .	24
Statement of Fiduciary Net Assets – Fiduciary Funds . . . . .	26
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds . . . . .	27
Notes to the Financial Statements . . . . .	28

Required Supplementary Information:

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual – General Fund . . . . .	75
Schedules of Funding Progress – Defined Benefit Pension Trust Funds . . .	76
Schedules of Contributions from the City and other Contributing Entities – Defined Benefit Pension Trust Funds . . . . .	76
Schedule of Funding Progress – Retiree Insurance Continuation Plan. . . . .	77
Schedule of Contributions from the City and other Contributing Entities – Retiree Insurance Continuation Plan. . . . .	77

Combining and Individual Fund Statements and Schedules:

Combining Balance Sheet – Nonmajor Governmental Funds . . . . .	82
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds. . . . .	84
Budgetary Comparison Schedule – Recreation Impact Fees Special Revenue Fund. . . . .	86
Budgetary Comparison Schedule – Fire Impact Fees Special Revenue Fund. . . . .	87
Budgetary Comparison Schedule – Local Option Gas Tax Special Revenue Fund. . . . .	88
Budgetary Comparison Schedule – Law Enforcement Special Revenue Fund. . . . .	89
Budgetary Comparison Schedule – Police Impact Fees Special Revenue Fund. . . . .	90

**FINANCIAL SECTION: (Continued)**

Combining and Individual Fund Statements and Schedules: (Continued)

Budgetary Comparison Schedule – Second Generation Sales Tax Special Revenue Fund. . . . .	91
Budgetary Comparison Schedule – Building Inspection Special Revenue Fund. . . . .	92
Budgetary Comparison Schedule – Cemetery Special Revenue Fund. . . . .	93
Budgetary Comparison Schedule – LIHEAP Special Revenue Fund. . . . .	94
Budgetary Comparison Schedule – Police Education Special Revenue Fund. . . . .	95
Budgetary Comparison Schedule – ARRA Grant Special Revenue Fund. . . . .	96
Budgetary Comparison Schedule – CDBG Grant Special Revenue Fund. . . . .	97
Budgetary Comparison Schedule – Youthbuild Special Revenue Fund. . . . .	98
Budgetary Comparison Schedule – Debt Service Fund . . . . .	99

**STATISTICAL SECTION:**

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

**STATISTICAL SECTION: (Continued)**

Schedule 8	Property Tax Levies and Collections – Last Ten Fiscal Years . . . . .	111
Schedule 9	Ratio of Outstanding Debt by Type – Last Ten Fiscal Years. . . . .	112
Schedule 10	Computation of Direct and Overlapping Debt – General Obligation Debt . . . . .	113
Schedule 11	Pledged Revenue Coverage – Last Ten Fiscal Years. . . . .	114
Schedule 12	Demographic and Economic Statistics – Last Ten Fiscal Years . . . . .	116
Schedule 13	Principal Employers – Current Year and Nine Years Ago . . . . .	117
Schedule 14	Full-time Equivalent City Government Employees by Function/Program – Last Ten Fiscal Years . . . . .	119
Schedule 15	Operating Indicators by Function/Program – Last Ten Fiscal Years . . . . .	120
Schedule 16	Capital Asset Statistics by Function/Program – Last Ten Fiscal Years . . . . .	122

**COMPLIANCE SECTION:**

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> . . . . .	125
Independent Auditor’s Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 . . . . .	127
Schedule of Findings and Questioned Costs. . . . .	129
Schedule of Expenditures of Federal Awards. . . . .	131
Notes to Schedule of Expenditures of Federal Awards. . . . .	132
Independent Auditors’ Management Letter . . . . .	133

## **INTRODUCTORY SECTION:**

This section contains the following subsections:

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





**MAILING ADDRESS**

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

**PHYSICAL ADDRESS**

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

TELEPHONE  
407.688.5020

FACSIMILE  
407.688.5022

WEBSITE  
[WWW.CI.SANFORD.FL.US](http://WWW.CI.SANFORD.FL.US)

**CITY COMMISSION**

JEFF TRIPLETT  
MAYOR

MARK McCARTY  
DISTRICT 1

DR. VELMA H. WILLIAMS  
DISTRICT 2

RANDY JONES  
DISTRICT 3

PATTY MAHANY  
DISTRICT 4, VICE MAYOR

CITY MANAGER  
NORTON N. BONAPARTE, JR.

March 26, 2012

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

It is with great pleasure that we present the City's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2011. State law requires that all general-purpose local governments publish within 9 months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed Certified Public Accountants.

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

The City's financial statements have been audited by Moore Stephens Lovelace, P.A., a firm of licensed Certified Public Accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended September 30, 2011 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and

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

## **Profile of the City**

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

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

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

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

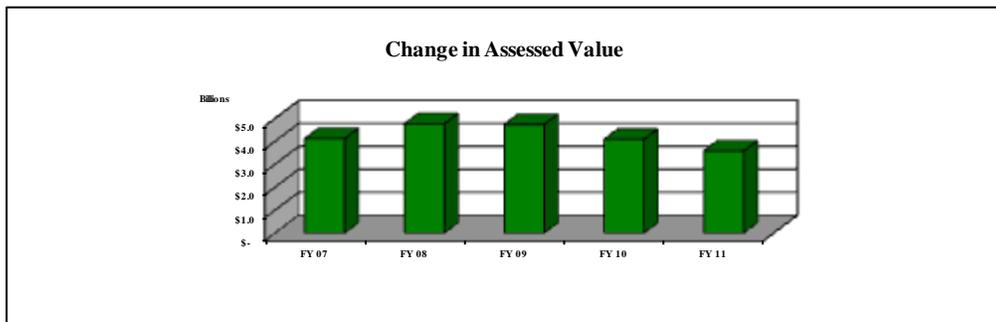
The City provides a full range of services. The City is also financially accountable for two legally separate component units: the Sanford Airport Authority and Community Redevelopment Agency, which are presented as discrete component units of the City. Additional information on these legally separate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

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

### Factors Affecting Financial Condition

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

**Local Economy.** From FY 2006 to FY 2011, the City's assessed values jumped from \$2.9 billion to just over \$3.6 billion. However, there was a decline from FY 2008 to FY 2011 of \$1.183 billion resulting in 24.81% loss of property tax revenue from 2008.



Major ad valorem taxpayers in the City include the Seminole Towne Center Regional Mall and Central Florida Regional Hospital. The City's population has also continued to increase to its current estimate of just over 53,000, making it the largest city in Seminole County as well as the 47th largest city in the State of Florida, 25<sup>th</sup> in order of population change and 56<sup>th</sup> largest by percent change in population from 2000 to 2010. Population is a factor used in determining the City's distribution from the State Municipal Revenue Sharing Program.

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

Directly related to the economy has been a significant decline in annual state revenue sharing monies which are distributed to each city and county based on population. Fiscal year 2011 saw the first slight increase of 2% since our downward decline starting with fiscal year 2007 of 19% loss of revenues from this revenue source.

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

- River Walk Phase II.
- Bentley Wilson Park.
- Continued improvements to parks, roads, sidewalks and drainage.
- SR 46/415 utility line relocations.
- AMR Meter Replacements.
- City-wide stormwater drainage improvement project.
- Traffic Calming projects.

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

### **Relevant Financial Policies**

The City Commission had established a reserve requirement for the General Fund to maintain at a minimum, unassigned fund balance equal to sixteen (16%) of the annual General Fund budget.

### **Awards**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2010. This was the 22<sup>nd</sup> consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

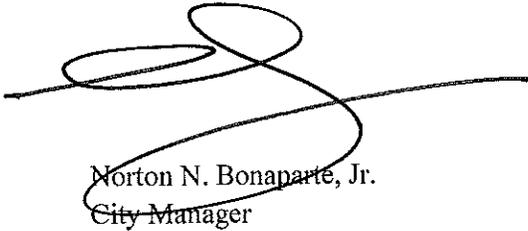
A Certificate of Achievement is valid for a period of one year only. We believe that our CAFR continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

**Acknowledgments**

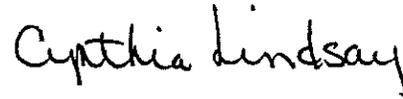
The preparation of this report would not have been possible without the efficient and dedicated services of the Financial Services Team. We would also like to express our appreciation to our auditing firm, Moore Stephens Lovelace, P.A.

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

Respectfully submitted,



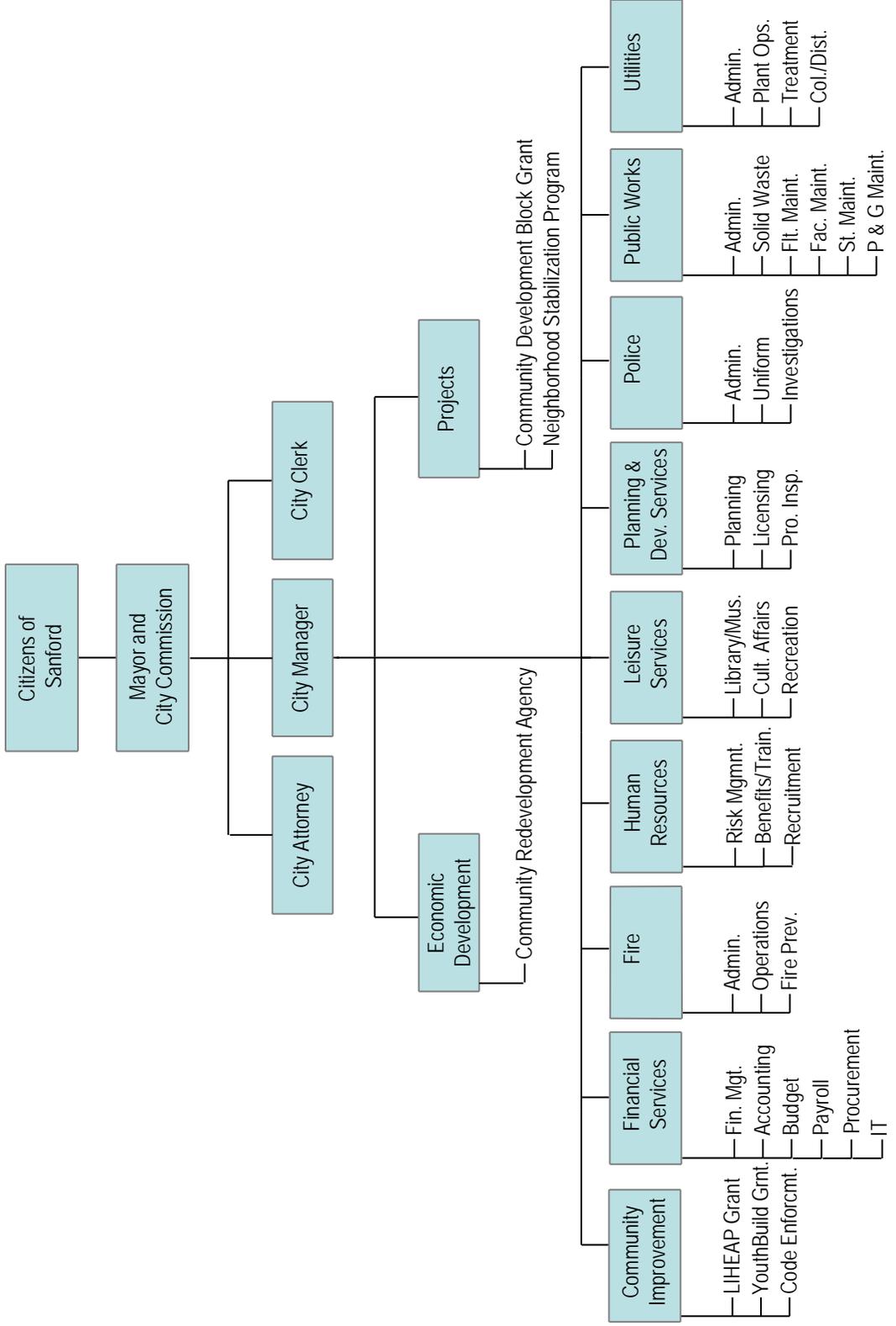
Norton N. Bonaparte, Jr.  
City Manager



Cynthia Lindsay  
Director of Finance

**SANFORD**  
FLORIDA  
—1877—

# City of Sanford Organization Chart



**SANFORD**  
FLORIDA  
—1877—

**CITY OF SANFORD, FLORIDA**

**PRINCIPAL OFFICIALS**

**Year Ended September 30, 2011**

**MAYOR**

**Jeff Triplett**

**COMMISSIONERS**

**Mark McCarty**

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

**Randy Jones**

**Patty Mahany**

**STAFF**

**Norton N. Bonaparte, Jr., City Manager**

**Thomas J. George, Deputy City Manager**

**Cynthia Lindsay, Director of Finance**

**Janet R. Dougherty, City Clerk**

**Darrel Presley, Director of Community Improvement**

**Nicholas McRay, Director of Economic Development**

**Russell L. Gibson, Director of Planning & Development Services**

**Fred Fosson, Director of Human Resources**

**William M. Kirby, Director of Leisure Services**

**Bilal Iftikhar, Interim Director of Public Works**

**Paul Moore, Director of Utilities**

**Bill Lee, Police Chief**

**Gerard T. Ransom, Fire Chief**

**SANFORD**  
FLORIDA  
—1877—

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Sanford  
Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2010

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.



*Linda C. Davison*

President

*Jeffrey R. Enen*

Executive Director

**SANFORD**  
FLORIDA  
—1877—

## **FINANCIAL SECTION:**

This section contains the following subsections:

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





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

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the City of Sanford Community Redevelopment Agency discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sanford, Florida (the "City"), as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Sanford Airport Authority (the "Airport"), a discretely presented component unit of the City. Those financial statements were audited by other auditors, whose report thereon has been furnished to us and our opinions, insofar as they relate to the amounts included for the Airport, are based on the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the City of Sanford Community Redevelopment Agency discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2011, and the respective changes in financial position, and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2012 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

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

**INDEPENDENT AUDITOR'S REPORT**  
*(Concluded)*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the combining and individual fund statements and schedules, and the statistical section, listed in the table of contents, are presented for additional analysis and are not a required part of the financial statements. The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Moore Stephens Lovelace, P.A.*

**MOORE STEPHENS LOVELACE, P.A.**  
Certified Public Accountants

Orlando, Florida  
March 14, 2012

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

### Financial Highlights

- At the close of fiscal year 2011, the City's assets exceeded its liabilities by \$262,326,279 (net assets). Of this amount, \$36,988,105 (unrestricted net assets) may be utilized to meet the City's ongoing obligations to citizens and creditors.
- During fiscal year 2011, the City's total net assets increased by \$9,664,876 (or 3.83%).
- At the close of fiscal year 2011, the City's governmental funds reported combined ending fund balances of \$28,454,862, an increase of \$608,986 in comparison with the prior year. Approximately 57.05% or \$16,232,766 of the total amount is unassigned fund balance and is available for spending at the City's discretion. See page 18 for further details.
- The City's total debt decreased by \$1,740,343 during the current fiscal year. The key factors in this decrease were bond principal payments of (\$1,951,564), principal payment on the state revolving loan of (\$2,054,132), and capital lease payments of (\$181,742). These decreases were offset with increase in the principal of the state revolving loans of \$2,447,095.

### USING THIS ANNUAL REPORT

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

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

### Government-wide financial statements

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

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

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

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

The government-wide financial statements include the City of Sanford (known as the primary government) but also a legally separate community redevelopment agency and a legally separate airport authority, for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

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

### **Fund financial statements**

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 21 individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund which is considered to be a major fund. Data from the other 20 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in this report, immediately following the notes to the financial statements and required supplementary information.

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

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

**Proprietary funds.** The City maintains two proprietary fund types. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer, solid waste, and stormwater systems. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its risk management activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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

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

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

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

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. They can be found on pages 28-73 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgetary comparisons and the City's progress in its obligation to provide pension benefits to its employees. Required Supplementary Information can be found on pages 75-77 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

### **Statement of Net Assets**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the current year, the City's assets exceeded liabilities by \$262,326,279.

The following table reflects the condensed Statement of Net Assets for the current year, as compared to the prior year. For more detailed information, see the Statement of Net Assets on pages 14-15.

Statement of Net Assets  
As of September 30,

	Governmental Activities		Business-type Activities		Total	
	2010	2011	2010	2011	2010	2011
Current assets	\$ 41,859,845	\$ 42,032,614	\$ 10,909,508	\$ 15,470,984	\$ 52,769,353	\$ 57,503,598
Restricted assets	2,121,599	2,400	8,493,117	8,488,277	10,614,716	8,490,677
Deferred charges	78,355	70,759	-	-	78,355	70,759
Net pension asset	30,704	29,683	-	-	30,704	29,683
Capital assets	119,045,337	119,242,505	157,441,751	158,776,783	276,487,088	278,019,288
Total assets	163,135,840	161,377,961	176,844,376	182,736,044	339,980,216	344,114,005
Current liabilities	9,948,960	7,125,918	7,869,899	6,661,909	17,818,859	13,787,827
Long-term liabilities outstanding	19,855,147	18,844,033	49,644,807	49,155,866	69,499,954	67,999,899
Total liabilities	29,804,107	25,969,951	57,514,706	55,817,775	87,318,813	81,787,726
Net assets:						
Invested in capital assets, net of related debt	104,250,077	102,568,745	105,427,868	107,512,124	209,677,945	210,080,869
Restricted for capital improvement	8,609,305	6,546,967	-	-	8,609,305	6,546,967
Restricted for debt service	-	-	5,521,727	5,995,893	5,521,727	5,995,893
Restricted for other purposes	1,071,056	1,377,140	1,879,916	1,337,305	2,950,972	2,714,445
Unrestricted	19,401,295	24,915,158	6,500,159	12,072,947	25,901,454	36,988,105
Total net assets	\$ 133,331,733	\$ 135,408,010	\$ 119,329,670	\$ 126,918,269	\$ 252,661,403	\$ 262,326,279

The largest portion of the City's net assets (80%) are reflected in its investment in capital assets (e.g., land, buildings, improvements, infrastructure, vehicles and equipment) less any outstanding related debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

\$15,257,305 of the City's net assets represents resources that are subject to external restrictions on how they may be used, primarily for capital projects. Unrestricted net assets of \$36,988,105 may be used to meet the City's ongoing obligations to citizens and creditors.

At September 30, 2011, the City is able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

## Statement of Activities

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

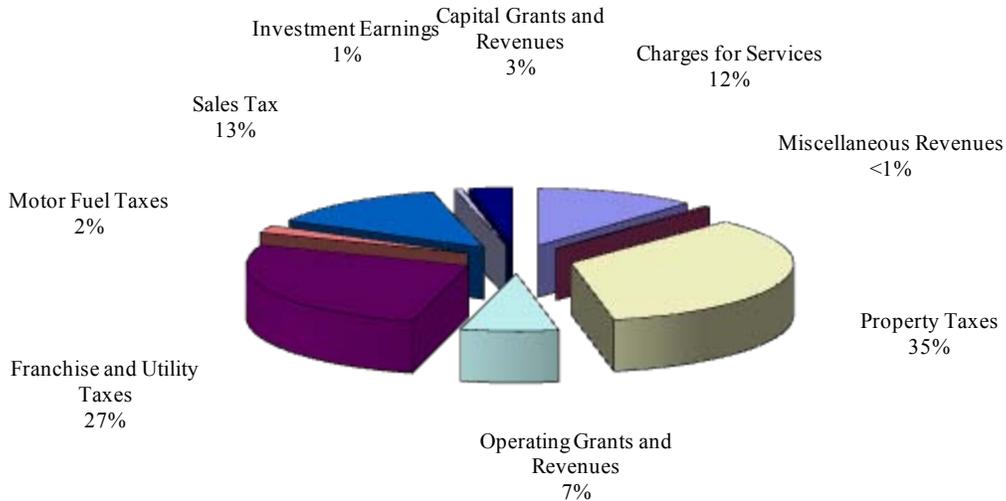
Changes in Net Assets  
As of September 30,

	Governmental Activities		Business-type Activities		Total	
	2010	2011	2010	2011	2010	2011
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 5,054,534	\$ 5,220,307	\$ 28,112,383	\$ 29,097,234	\$ 33,166,917	\$ 34,317,541
Operating grants and contributions	2,478,044	3,172,266	1,873,216	1,592,792	4,351,260	4,765,058
Capital grants and contributions	971,881	1,408,283	721,961	1,073,839	1,693,842	2,482,122
<b>General revenues:</b>						
Property taxes	16,387,168	15,502,491	-	-	16,387,168	15,502,491
Other taxes	18,705,505	18,819,646	-	-	18,705,505	18,819,646
Other	706,618	456,372	309,255	267,129	1,015,873	723,501
Total revenues	<u>44,303,750</u>	<u>44,579,365</u>	<u>31,016,815</u>	<u>32,030,994</u>	<u>75,320,565</u>	<u>76,610,359</u>
<b>Expenses:</b>						
General government	5,839,345	6,125,721	-	-	5,839,345	6,125,721
Public safety	22,506,245	22,854,335	-	-	22,506,245	22,854,335
Transportation	4,967,950	5,004,129	-	-	4,967,950	5,004,129
Physical environment	2,325,091	1,899,400	-	-	2,325,091	1,899,400
Economic environment	1,115,620	827,722	-	-	1,115,620	827,722
Human services	121,401	89,971	-	-	121,401	89,971
Culture/recreation	5,311,175	5,188,068	-	-	5,311,175	5,188,068
Interest & other on long-term debt	749,351	727,680	-	-	749,351	727,680
Water and sewer	-	-	17,600,590	16,584,748	17,600,590	16,584,748
Stormwater	-	-	2,022,172	2,573,953	2,022,172	2,573,953
Solid Waste	-	-	5,189,774	5,069,756	5,189,774	5,069,756
Total expenses	<u>42,936,178</u>	<u>42,717,026</u>	<u>24,812,536</u>	<u>24,228,457</u>	<u>67,748,714</u>	<u>66,945,483</u>
<b>Increase (decrease) in net assets</b>						
before transfers	1,367,572	1,862,339	6,204,279	7,802,537	7,571,851	9,664,876
Transfers	642,750	213,938	(642,750)	(213,938)	-	-
Change in net assets	2,010,322	2,076,277	5,561,529	7,588,599	7,571,851	9,664,876
Net assets - Beginning of year	131,321,411	133,331,733	113,768,141	119,329,670	245,089,552	252,661,403
Net assets - End of year	<u>\$ 133,331,733</u>	<u>\$ 135,408,010</u>	<u>\$ 119,329,670</u>	<u>\$ 126,918,269</u>	<u>\$ 252,661,403</u>	<u>\$ 262,326,279</u>

### **Governmental activities**

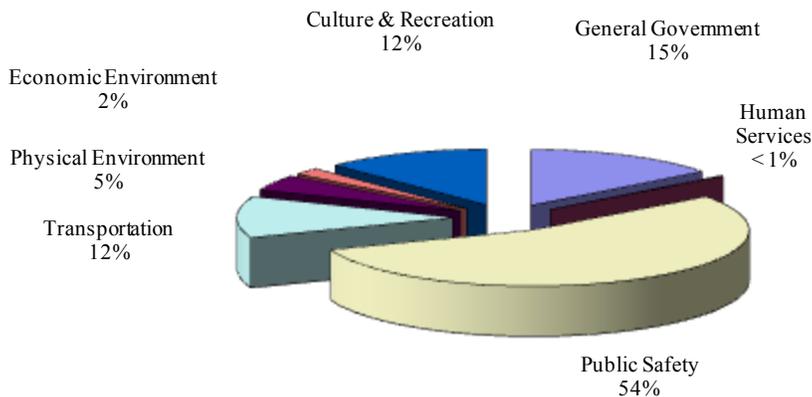
For the year ended September 30, 2011, governmental activities increased the City's net assets by \$2,076,277.

### Governmental Revenues by Source



Property taxes, which comprised 35% of the City’s revenues, decreased by (\$884,677) even though there was a .5 millage increase; this decrease was due primarily to the drop of taxable value of property in the City.

### Governmental Activities - Expenses

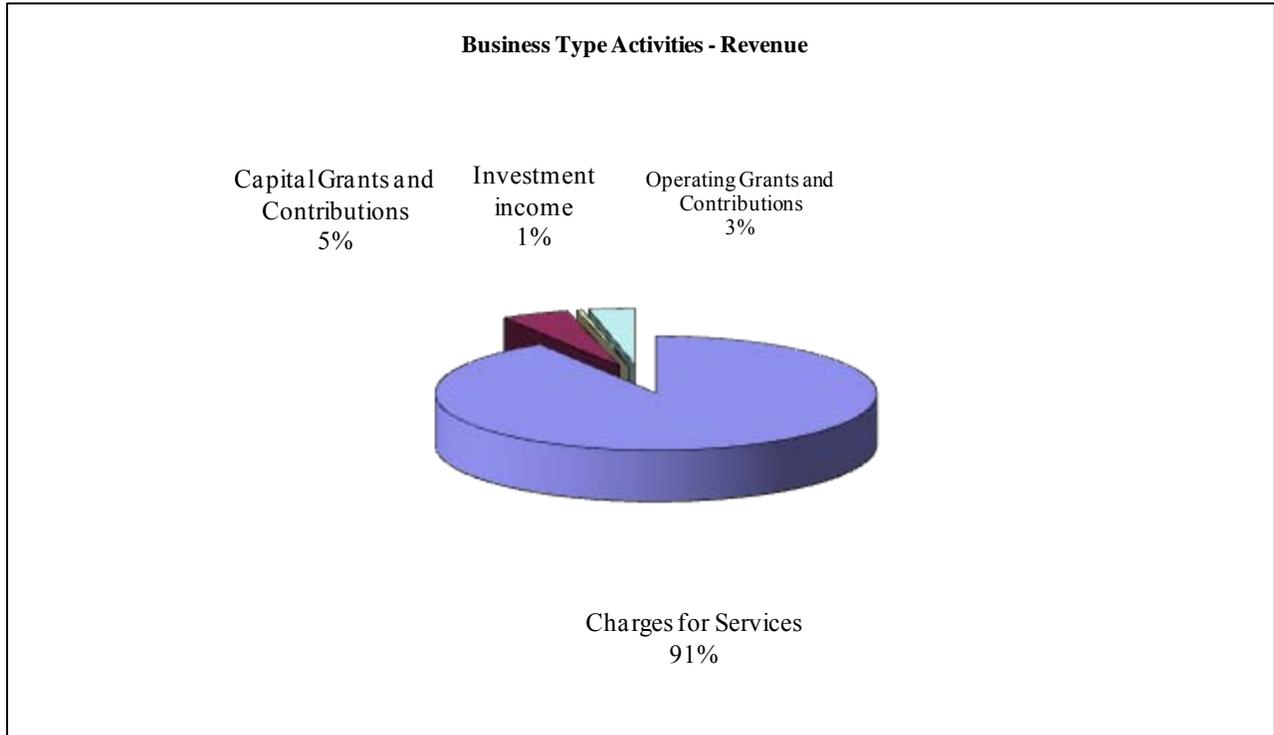


Overall, general government expenses decreased this year. Total expenses were \$42,717,026, compared to \$42,936,178 the prior fiscal year; a decrease of (\$219,152) or .51%. Public safety expenses of \$22,854,335 comprised 54% of the total governmental activities expenses.

**Business-type activities**

Business-type activities increased the City’s net assets by \$7,588,599, thereby accounting for 79% of the total growth in the City’s net assets.

Charges for services of \$29,097,234 increased over the prior-year total of \$28,112,383 by \$984,851, or approximately 3.5%. This was due to rate increases offset by small decreases in consumption.



**Financial Analysis of the City’s Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City’s governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of September 30, 2011, the City’s governmental funds reported combined ending fund balances of \$28,454,862, an increase of \$608,986 in comparison with the prior year. Approximately 57% of this total amount, \$16,232,766, constitutes unassigned fund balance, which is available for spending at the City’s discretion. \$3,746,521 is assigned for special revenue funds, capital project funds, debt service, and appropriations. The remainder of fund balance, \$8,475,575, is nonspendable, committed or restricted which indicates that it is not available for new spending because it has already been committed or restricted for a certain purpose.

The General Fund is the chief operating fund of the City. At September 30, 2011, the unassigned fund balance of the General Fund was \$16,232,766, while the total fund balance was \$17,862,067. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 52.93% of total General Fund expenditures, while total fund balance represents 58.24% of that same amount.

The fund balance of the City's General Fund increased by \$4,560,632 during the current fiscal year, primarily due to a concerted effort to cut operating expenditures, reservation of \$1,113,173 for FY 2012 capital improvement projects, and the transfer of \$2,006,000, from the Public Safety Complex Fund.

The total fund balance of all the nonmajor governmental funds is \$10,592,795. The net decrease of (\$3,951,646) is primarily due to the expenditures related to the completion of the Public Safety Complex.

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

Unrestricted net assets of the Water and Sewer Utility Fund at September 30, 2011, amounted to \$6,424,369, the Stormwater Utility Fund amounted to \$4,353,929, and the Solid Waste Fund amounted to \$920,627. The change in net assets for all three funds was \$5,776,684, \$1,365,562 and \$266,171, respectively. Key elements of these changes were due to capital recovery fees to the Water and Sewer Utility Fund of \$1,073,839, and developer contributions totaling \$410,016, operating grants totaling \$1,404,331, rate increases in both the Water and Sewer Fund and the Stormwater Fund and a transfer to the General Fund from the Water and Sewer Utility Fund in the amount of (\$249,050) for the transfer of property.

### **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget (\$2,639,168 increase in revenues and transfers and \$1,704,368 increase in appropriations and transfers) can be briefly summarized as follows:

#### **Revenues:**

- Increase in reimbursement fees \$261,118.
- Increase in interfund transfers \$2,355,050.
- Increase in tree mitigation revenues \$23,000.

#### **Expenditures:**

- Transfers of \$34,492 to the Second Generation Sales Tax Fund, \$54,512 to the Capital Projects Fund, \$663,418 to the Capital Equipment Replacement Fund, and \$35,112 to the Stormwater Utility Fund and an increase in departmental operating budgets of \$482,133 (mainly due to the finalization of the closure of the gasification plant) and an increase in capital outlay of \$434,701.

Of the increases in expenditures, \$290,118 was offset by increased revenues and transfers. The remaining increased the use of reserves by \$1,414,250.

Differences between the final amended budget and actual (\$885,698 increase in revenues and transfers and \$1,546,271 decrease in expenditures and transfers) can be briefly summarized as follows:

#### **Revenues:**

- Actual year-end revenues were over budget by 2.37%. The positive variance was attributed primarily to ad valorem taxes \$307,685, utility taxes \$80,204, intergovernmental \$600,834, charges for services \$265,696, and proceeds from sale of property \$125,727.
- The positive variances were offset by decreases in permits and fees (\$184,703) transfers in (\$100,000), and a decrease in miscellaneous income of (\$244,173) for reimbursed expenditures.

#### **Expenditures:**

- The most significant portion of the under-spending, \$1,170,675 was attributed to the positive variance in departmental salary accounts. The remainder of the variance, \$375,596, was spread throughout all the departments' operational budgets based on a desire to cut spending due to the downturn in the economy and for the anticipated drop in General Fund property tax revenues due to adverse state legislative action.

## Capital Asset and Debt Administration

**Capital assets.** The City's total capital assets for its governmental and business-type activities as of September 30, 2011, amounted to \$278,019,288 (net of accumulated depreciation). This investment in capital assets included land, buildings, improvements, water and sewer transmission lines and facilities, infrastructure, and vehicles and equipment. The total increase in the City's total capital assets for the current fiscal year was \$1,532,200 (a .17% increase for governmental activities and a .85% increase for business-type activities).

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

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

	Governmental Activities		Business-type Activities		Total	
	2010	2011	2010	2011	2010	2011
Land	\$ 4,177,912	\$ 5,583,405	\$ 6,925,684	\$ 6,937,084	\$ 11,103,596	\$ 12,520,489
Buildings and improvements	30,151,228	44,766,541	30,397,067	29,513,780	60,548,295	74,280,321
Water/sewer transmission lines and facilities	-	-	94,707,015	98,414,766	94,707,015	98,414,766
Stormwater Mgt System	-	-	11,844,071	16,868,033	11,844,071	16,868,033
Machinery and equipment	5,317,518	6,905,176	3,948,875	2,324,609	9,266,393	9,229,785
Infrastructure	59,590,919	60,930,617	-	-	59,590,919	60,930,617
Irrigation rights	-	-	510,600	421,800	510,600	421,800
Construction in progress	19,807,760	1,056,766	9,108,439	4,296,711	28,916,199	5,353,477
<b>Total</b>	<b>\$ 119,045,337</b>	<b>\$ 119,242,505</b>	<b>\$ 157,441,751</b>	<b>\$ 158,776,783</b>	<b>\$ 276,487,088</b>	<b>\$ 278,019,288</b>

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

**Long-term debt.** At September 30, 2011, the City had \$35,125,000 in bonded debt outstanding. Of this amount, \$16,155,000 related to Sales Tax Revenue Bonds and \$18,970,000 related to Utility Revenue Bonds. In addition, the City had \$34,110,664 related to the State Revolving Fund Loan, \$520,211 related to the City's landfill, \$2,126,468 related to claims associated with risk management, and \$518,760 related to capital leases on equipment. Total debt issued increased by \$2,447,095 due to the issuance of state revolving loan proceeds.

These increases were offset by a reduction in principal outstanding of \$1,951,564 in annual principal payments for the outstanding bond issues, \$181,742 in principal payments for the capital lease, and principal payments totaling \$2,054,132 on the state revolving loan.

Long-Term Debt  
As of September 30,

	Governmental Activities		Business-type Activities		Total	
	2010	2011	2010	2011	2010	2011
Sales Tax Revenue Bonds 2008	\$ 16,795,000	\$ 16,155,000	\$ -	\$ -	\$ 16,795,000	\$ 16,155,000
Utility Revenue Refunding Bonds 2003	-	-	5,370,000	4,250,000	5,370,000	4,250,000
Utility Revenue Refunding Bonds 2010	-	-	14,720,000	14,720,000	14,720,000	14,720,000
Stormwater Revenue Bonds 1998	-	-	191,564	-	191,564	-
Claims payable	1,995,675	2,126,468	-	-	1,995,675	2,126,468
Accrued clean-up and long-term care costs	877,584	520,211	-	-	877,584	520,211
State Revolving Loans	-	-	33,717,701	34,110,664	33,717,701	34,110,664
Capital Leases	700,502	518,760	-	-	700,502	518,760
<b>Total</b>	<b>\$ 20,368,761</b>	<b>\$ 19,320,439</b>	<b>\$ 53,999,265</b>	<b>\$ 53,080,664</b>	<b>\$ 74,368,026</b>	<b>\$ 72,401,103</b>

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

**Economic Factors and Next Year's Budgets and Rates**

The City's elected and appointed officials considered many factors when adopting the fiscal year 2012 budget. Included was an estimated 3% decrease in projected revenues from property taxes. This shortfall was offset by a City-wide decrease in departmental expenditures. There was also a budgeted increase for utility taxes of \$201,698, licenses and permits of \$18,816, intergovernmental revenue of \$18,665, service charges of \$360,888, and miscellaneous revenue of \$59,241 and a projected decrease of fines and forfeitures of (\$24,600), franchise fees (\$367,101), and communication services tax (\$208,670).

As for the enterprise funds, the City implemented a CPI rate increase for its Water and Sewer Fund as of October 1, 2011 in the amount of 3.6%.

**Requests for Information**

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

# **BASIC FINANCIAL STATEMENTS**

**CITY OF SANFORD, FLORIDA**

**Statement of Net Assets**

September 30, 2011

	<b>Primary Government</b>			<b>Component Units</b>	
	<b>Governmental Activities</b>	<b>Business- type Activities</b>	<b>Total</b>	<b>Sanford CRA</b>	<b>Airport Authority</b>
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 8,999,752	\$ 1,606,994	\$ 10,606,746	\$ 183,473	\$ 4,101,436
Investments	21,649,380	7,292,486	28,941,866	1,000,000	-
Accounts receivable, net	1,668,145	4,017,927	5,686,072	(6,778)	309,323
Due from other governments	10,180,161	1,557,215	11,737,376	6,811	753,626
Internal balances	(977,022)	977,022	-	-	-
Inventories	158,885	-	158,885	-	-
Prepaid expenses	353,313	19,340	372,653	1,688	33,926
Total current assets	<u>42,032,614</u>	<u>15,470,984</u>	<u>57,503,598</u>	<u>1,185,194</u>	<u>5,198,311</u>
Noncurrent assets:					
Restricted assets					
Cash and cash equivalents	-	-	-	-	46,508
Investments	2,400	8,488,277	8,490,677	-	-
Deferred charges	70,759	-	70,759	-	-
Net pension asset	29,683	-	29,683	-	-
Capital assets:					
Nondepreciable	6,640,171	11,233,795	17,873,966	289,908	33,573,199
Depreciable, net	<u>112,602,334</u>	<u>147,542,988</u>	<u>260,145,322</u>	<u>6,906,762</u>	<u>115,924,609</u>
Total noncurrent assets	<u>119,345,347</u>	<u>167,265,060</u>	<u>286,610,407</u>	<u>7,196,670</u>	<u>149,544,316</u>
Total assets	<u>161,377,961</u>	<u>182,736,044</u>	<u>344,114,005</u>	<u>8,381,864</u>	<u>154,742,627</u>
Deferred swap outflow	-	-	-	-	372,148
Total assets and other debits	<u>\$ 161,377,961</u>	<u>\$ 182,736,044</u>	<u>\$ 344,114,005</u>	<u>\$ 8,381,864</u>	<u>\$ 155,114,775</u>

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

*(Continued)*

**CITY OF SANFORD, FLORIDA**  
**Statement of Net Assets (Continued)**  
September 30, 2011

	<b>Primary Government</b>			<b>Component Units</b>	
	Governmental Activities	Business- type Activities	Total	Sanford CRA	Airport Authority
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	\$ 1,430,608	\$ 1,232,869	\$ 2,663,477	\$ 84,671	\$ 684,343
Accrued liabilities	918,887	475,495	1,394,382	5,859	232,420
Retainage payable	17,031	8,559	25,590	24,602	-
Unearned revenue	1,364,578	105	1,364,683	-	2,259,605
Due to other governments	326,012	-	326,012	-	-
Liabilities payable from restricted assets	2,400	1,155,154	1,157,554	-	-
Landfill closure liability	19,376	-	19,376	-	-
Capital leases payable	188,035	-	188,035	-	-
Bonds payable	670,000	1,365,000	2,035,000	1,100,000	-
Claims payable	1,556,024	-	1,556,024	-	-
Notes payable	-	2,288,540	2,288,540	205,000	1,076,081
Compensated absences	632,967	136,187	769,154	-	-
Other	-	-	-	-	383,134
Total current liabilities	<u>7,125,918</u>	<u>6,661,909</u>	<u>13,787,827</u>	<u>1,420,132</u>	<u>4,635,583</u>
Noncurrent liabilities:					
Landfill closure liability	500,835	-	500,835	-	-
Capital leases payable	330,725	-	330,725	-	-
Bonds payable	15,485,000	16,788,995	32,273,995	-	-
Claims payable	570,444	-	570,444	-	-
Notes payable	-	31,822,124	31,822,124	639,076	6,818,351
Other post employment benefits	532,085	169,606	701,691	-	-
Compensated absences	1,424,944	375,141	1,800,085	-	-
Total noncurrent liabilities	<u>18,844,033</u>	<u>49,155,866</u>	<u>67,999,899</u>	<u>639,076</u>	<u>6,818,351</u>
Total liabilities	<u>25,969,951</u>	<u>55,817,775</u>	<u>81,787,726</u>	<u>2,059,208</u>	<u>11,453,934</u>
Net Assets					
Invested in capital assets, net of related debt	102,568,745	107,512,124	210,080,869	5,252,594	141,603,376
Restricted for:					
Capital projects	6,546,967	-	6,546,967	-	-
Debt service	-	5,995,893	5,995,893	-	-
Other purposes	1,377,140	1,337,305	2,714,445	-	46,508
Unrestricted	24,915,158	12,072,947	36,988,105	1,076,873	2,010,957
Total net assets	<u>135,408,010</u>	<u>126,918,269</u>	<u>262,326,279</u>	<u>6,329,467</u>	<u>143,660,841</u>
Total liabilities and net assets	<u>\$ 161,377,961</u>	<u>\$ 182,736,044</u>	<u>\$ 344,114,005</u>	<u>\$ 8,388,675</u>	<u>\$ 155,114,775</u>

**CITY OF SANFORD, FLORIDA**  
**Statement of Activities**  
For The Year Ended September 30, 2011

	<b>Program Revenues</b>			
	Expenses	Charges for Services	Operating Grants and Contributions	
<b>Functions/Programs</b>				
Governmental activities:				
General government	\$ 6,125,721	\$ 1,119,866	\$ 595,794	\$ -
Public safety	22,854,335	3,317,690	878,532	556,147
Transportation	5,004,129	68,410	260,233	550,634
Physical environment	1,899,400	67,043	-	-
Economic environment	827,722	-	1,266,560	-
Human services	89,971	-	113,815	-
Culture and recreation	5,188,068	647,298	57,332	301,502
Interest on long-term debt	727,680	-	-	-
Total governmental activities	<u>42,717,026</u>	<u>5,220,307</u>	<u>3,172,266</u>	<u>1,408,283</u>
Business-type activities:				
Water and sewer	16,584,748	20,065,556	1,404,331	1,073,839
Stormwater	2,573,953	3,696,721	188,461	-
Solid waste	5,069,756	5,334,957	-	-
Total business-type activities	<u>24,228,457</u>	<u>29,097,234</u>	<u>1,592,792</u>	<u>1,073,839</u>
<b>Total primary government</b>	<b><u>\$ 66,945,483</u></b>	<b><u>\$ 34,317,541</u></b>	<b><u>\$ 4,765,058</u></b>	<b><u>\$ 2,482,122</u></b>
<b>Component units:</b>				
Sanford CRA	\$ 1,085,182	\$ -	\$ -	\$ -
Airport Authority	15,866,852	9,605,466	-	7,601,504
<b>Total component units</b>	<b><u>\$ 16,952,034</u></b>	<b><u>\$ 9,605,466</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 7,601,504</u></b>

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

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

**Net (Expense) Revenue and Changes in Net Assets**

Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Sanford CRA	Airport Authority
\$ (4,410,061)	\$ -	\$ (4,410,061)	\$ -	\$ -
(18,101,966)	-	(18,101,966)	-	-
(4,124,852)	-	(4,124,852)	-	-
(1,832,357)	-	(1,832,357)	-	-
438,838	-	438,838	-	-
23,844	-	23,844	-	-
(4,181,936)	-	(4,181,936)	-	-
(727,680)	-	(727,680)	-	-
<u>(32,916,170)</u>	<u>-</u>	<u>(32,916,170)</u>	<u>-</u>	<u>-</u>
-	5,958,978	5,958,978	-	-
-	1,311,229	1,311,229	-	-
-	265,201	265,201	-	-
-	<u>7,535,408</u>	<u>7,535,408</u>	<u>-</u>	<u>-</u>
<b>(32,916,170)</b>	<b>7,535,408</b>	<b>(25,380,762)</b>	-	-
			(1,085,182)	-
			<u>-</u>	<u>1,340,118</u>
			<u>(1,085,182)</u>	<u>1,340,118</u>
15,502,491	-	15,502,491	1,531,278	-
11,955,276	-	11,955,276	-	-
904,665	11,844	916,509	-	-
5,959,705	-	5,959,705	-	-
253,712	121,439	375,151	15,247	6,147
169,588	133,846	303,434	568,012	-
33,072	-	33,072	-	-
213,938	(213,938)	-	-	-
<u>34,992,447</u>	<u>53,191</u>	<u>35,045,638</u>	<u>2,114,537</u>	<u>6,147</u>
2,076,277	7,588,599	9,664,876	1,029,355	1,346,265
133,331,733	119,329,670	252,661,403	5,300,112	142,314,576
<b>\$ 135,408,010</b>	<b>\$ 126,918,269</b>	<b>\$ 262,326,279</b>	<b>\$ 6,329,467</b>	<b>\$ 143,660,841</b>

**CITY OF SANFORD, FLORIDA**

**Balance Sheet**

**Governmental Funds**

September 30, 2011

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets</b>			
Cash and cash equivalents	\$ 3,255,700	\$ 2,890,928	\$ 6,146,628
Investments	13,831,592	1,817,788	15,649,380
Accounts receivable, net	1,418,343	125,667	1,544,010
Due from other governments	2,124,881	8,055,280	10,180,161
Due from other funds	960,270	-	960,270
Inventories	158,885	-	158,885
Prepaid items	44,070	7,019	51,089
Restricted assets			
Investments	2,400	-	2,400
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 21,796,141</u>	<u>\$ 12,896,682</u>	<u>\$ 34,692,823</u>
<b>Liabilities and fund balances</b>			
Liabilities:			
Accounts payable	\$ 712,958	\$ 717,650	\$ 1,430,608
Accrued liabilities	851,794	67,093	918,887
Retainage payable	-	17,031	17,031
Due to other funds	603,000	960,270	1,563,270
Due to other governments	326,012	-	326,012
Unearned revenues	1,364,323	255	1,364,578
Deferred revenues	73,587	541,588	615,175
Liabilities payable from restricted assets	2,400	-	2,400
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>3,934,074</u>	<u>2,303,887</u>	<u>6,237,961</u>
Fund balances:			
Nonspendable:			
Inventory	158,885	-	158,885
Prepaid items	44,070	7,019	51,089
Other	55,305	-	55,305
Restricted for:			
Deposits	2,400	-	2,400
Special revenue funds	-	8,202,616	8,202,616
Committed	-	5,280	5,280
Assigned for:			
Special revenue funds	-	423,140	423,140
Capital project funds	-	1,950,534	1,950,534
Debt service	-	4,206	4,206
Appropriations	1,141,409	-	1,141,409
Other	227,232	-	227,232
Unassigned	16,232,766	-	16,232,766
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>17,862,067</u>	<u>10,592,795</u>	<u>28,454,862</u>
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	<u>\$ 21,796,141</u>	<u>\$ 12,896,682</u>	<u>\$ 34,692,823</u>

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

**CITY OF SANFORD, FLORIDA**  
**Reconciliation of the Balance Sheet to**  
**the Statement of Net Assets**  
September 30, 2011

<b>Fund Balances - Total Governmental Funds (page 18)</b>		\$ 28,454,862
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Governmental capital assets	\$ 201,476,646	
Less: Accumulated depreciation	<u>(82,234,141)</u>	119,242,505
<p>Internal service funds are used by management to account for the cost of health insurance, long-term disability, and life insurance. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets</p>		
		6,778,993
<p>Net pension assets (obligations) are not recorded in the current period and therefore are not reported in the funds.</p>		
		29,683
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.</p>		
Governmental bonds payable	(16,155,000)	
Bond issuance costs	70,759	
Lease payable	(518,760)	
Landfill closure	(520,211)	
Compensated absences	<u>(2,057,911)</u>	(19,181,123)
<p>Some deferred revenue in governmental funds is susceptible to full accrual on the entity-wide statements</p>		
		615,175
<p>The net other post employment benefits obligation is not recorded as a liability in the governmental funds balance sheet.</p>		
		(532,085)
<b>Net Assets of Governmental Activities (page 15)</b>		<u><u>\$ 135,408,010</u></u>

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

**CITY OF SANFORD, FLORIDA**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
For The Year Ended September 30, 2011

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Revenues</b>			
Taxes:			
Property taxes	\$ 15,502,491	\$ -	\$ 15,502,491
Utility taxes	7,131,904	-	7,131,904
Business taxes	607,717	-	607,717
Permits and fees	4,853,297	975,400	5,828,697
Intergovernmental	5,302,084	6,773,700	12,075,784
Charges for services	1,963,058	-	1,963,058
Investment income	139,741	63,951	203,692
Fines and forfeitures	105,586	52,550	158,136
Service assessments	-	423,425	423,425
Miscellaneous	305,710	71,595	377,305
Total revenues	<u>35,911,588</u>	<u>8,360,621</u>	<u>44,272,209</u>
<b>Expenditures</b>			
Current:			
General government	3,498,282	1,781,504	5,279,786
Public safety	18,893,650	2,670,787	21,564,437
Transportation	817,869	1,143,468	1,961,337
Physical environment	2,148,597	-	2,148,597
Economic environment	825,472	-	825,472
Human services	77,121	-	77,121
Culture and recreation	3,969,475	123,881	4,093,356
Debt service:			
Principal	-	821,742	821,742
Interest and other fiscal charges	-	727,680	727,680
Capital outlay	439,176	6,083,347	6,522,523
Total expenditures	<u>30,669,642</u>	<u>13,352,409</u>	<u>44,022,051</u>
Excess (deficiency) of revenues over/under expenditures	<u>5,241,946</u>	<u>(4,991,788)</u>	<u>250,158</u>
<b>Other financing sources (uses)</b>			
Transfers in	2,255,050	3,060,194	5,315,244
Transfers out	(3,077,091)	(2,024,215)	(5,101,306)
Proceeds from sale of property	140,727	4,163	144,890
Total other financing sources (uses)	<u>(681,314)</u>	<u>1,040,142</u>	<u>358,828</u>
Net change in fund balances	4,560,632	(3,951,646)	608,986
<b>Fund balances</b>			
Beginning of year	13,301,435	14,544,441	27,845,876
End of year	<u>\$ 17,862,067</u>	<u>\$ 10,592,795</u>	<u>\$ 28,454,862</u>

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

**CITY OF SANFORD, FLORIDA**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
For The Year Ended September 30, 2011

<b>Net Change in Fund Balances - Total Governmental Funds (page 20)</b>	\$	608,986
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is depreciated over their estimated useful lives.</p>		
Expenditures for capital assets	\$ 6,527,345	
Less: Current year depreciation	<u>(6,308,643)</u>	218,702
<p>In the Statement of Activities, only the "gain" on the sale of the capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.</p>		
		(200,488)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>		
		(809,304)
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.</p>		
Principal payments		821,742
<p>Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of these items.</p>		
		(7,596)
<p>Some expenses in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Change in long-term compensated absences	251,109	
Change in long-term gasification/landfill	357,373	
Change in net pension obligation	(1,021)	
Change in post employment benefits obligation	<u>(332,529)</u>	274,932
<p>Contributions of capital assets are not reported as revenues in the governmental funds.</p>		
		178,954
<p>Internal service funds are used by management to account for the cost of health insurance, long-term disability, and life insurance. The net revenue of certain activities of internal service funds is reported with governmental activities.</p>		
		990,349
<b>Change in Net Assets of Governmental Activities (page 17)</b>	<u>\$</u>	<u>2,076,277</u>

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

**CITY OF SANFORD, FLORIDA**

**Statement of Net Assets**

**Proprietary Funds**

September 30, 2011

	<b>Business-type Activities - Enterprise Funds</b>				Governmental Activities - Internal Service
	Water/Sewer	Stormwater	Solid Waste	Total	
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 1,097,313	\$ -	\$ 509,681	\$ 1,606,994	\$ 2,853,124
Investments	3,000,000	4,292,486	-	7,292,486	6,000,000
Accounts receivable, net	3,056,865	159,848	801,214	4,017,927	-
Insurance receivable	-	-	-	-	124,135
Due from other governments	1,306,341	227,980	22,894	1,557,215	-
Due from other funds	603,000	-	-	603,000	-
Prepays	19,340	-	-	19,340	302,224
Total current assets	<u>9,082,859</u>	<u>4,680,314</u>	<u>1,333,789</u>	<u>15,096,962</u>	<u>9,279,483</u>
Noncurrent assets:					
Restricted assets:					
Investments	8,206,547	172,811	108,919	8,488,277	-
Total restricted assets	<u>8,206,547</u>	<u>172,811</u>	<u>108,919</u>	<u>8,488,277</u>	<u>-</u>
Capital assets:					
Nondepreciable	9,119,148	2,114,647	-	11,233,795	-
Depreciable, net	130,238,228	17,296,724	8,036	147,542,988	11,929
Total noncurrent assets	<u>147,563,923</u>	<u>19,584,182</u>	<u>116,955</u>	<u>167,265,060</u>	<u>11,929</u>
Total assets	<u>156,646,782</u>	<u>24,264,496</u>	<u>1,450,744</u>	<u>182,362,022</u>	<u>9,291,412</u>
<b>Liabilities and net assets</b>					
Current liabilities:					
Accounts payable	637,964	189,604	405,301	1,232,869	-
Accrued liabilities	384,946	86,958	3,591	475,495	-
Compensated absences	130,844	4,715	628	136,187	-
Retainage payable	-	8,559	-	8,559	-
Unearned revenues	105	-	-	105	-
Claims payable	-	-	-	-	1,556,024
Bonds payable	1,365,000	-	-	1,365,000	-
Loans payable	1,966,653	321,887	-	2,288,540	-
Payable from restricted assets	1,046,235	-	108,919	1,155,154	-
Total current liabilities	<u>5,531,747</u>	<u>611,723</u>	<u>518,439</u>	<u>6,661,909</u>	<u>1,556,024</u>
Noncurrent liabilities:					
Bonds payable	17,605,000	-	-	17,605,000	-
Less: unamortized bond discount	(816,005)	-	-	(816,005)	-
Other post employment benefits	140,304	26,526	2,776	169,606	-
Compensated absences	364,252	10,023	866	375,141	-
Claims payable	-	-	-	-	570,444
Loans payable	25,280,527	6,541,597	-	31,822,124	-
Total noncurrent liabilities	<u>42,574,078</u>	<u>6,578,146</u>	<u>3,642</u>	<u>49,155,866</u>	<u>570,444</u>
Total liabilities	<u>48,105,825</u>	<u>7,189,869</u>	<u>522,081</u>	<u>55,817,775</u>	<u>2,126,468</u>
Net assets:					
Invested in capital assets, net of related debt	94,956,201	12,547,887	8,036	107,512,124	11,929
Restricted for debt service	5,823,082	172,811	-	5,995,893	-
Restricted for renewal and replacement	1,337,305	-	-	1,337,305	-
Unrestricted	6,424,369	4,353,929	920,627	11,698,925	7,153,015
Total net assets	<u>\$ 108,540,957</u>	<u>\$ 17,074,627</u>	<u>\$ 928,663</u>	<u>126,544,247</u>	<u>\$ 7,164,944</u>

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

Net assets of business-type activities

374,022  
\$ 126,918,269

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

**CITY OF SANFORD, FLORIDA**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
For The Year Ended September 30, 2011

	<b>Business-type Activities - Enterprise Funds</b>				Governmental Activities - Internal Service
	Water/Sewer	Stormwater	Solid Waste	Total	
<b>Operating revenues</b>					
Charges for sales/services	\$ 20,065,556	\$ 3,696,721	\$ 5,334,957	\$ 29,097,234	\$ -
Other revenue	141,641	4,049	-	145,690	5,761,654
Total operating revenues	<u>20,207,197</u>	<u>3,700,770</u>	<u>5,334,957</u>	<u>29,242,924</u>	<u>5,761,654</u>
<b>Operating expenses</b>					
Cost of sales/services	4,425,571	933,274	4,961,175	10,320,020	4,646,991
Administration	7,401,492	945,132	104,667	8,451,291	-
Depreciation and amortization	3,713,722	497,230	4,901	4,215,853	3,737
OPEB obligation	88,581	17,541	1,754	107,876	-
Total operating expenses	<u>15,629,366</u>	<u>2,393,177</u>	<u>5,072,497</u>	<u>23,095,040</u>	<u>4,650,728</u>
Operating income	<u>4,577,831</u>	<u>1,307,593</u>	<u>262,460</u>	<u>6,147,884</u>	<u>1,110,926</u>
<b>Nonoperating revenues (expenses)</b>					
Investment income	87,208	30,418	3,813	121,439	60,690
Interest expense	(1,527,491)	(196,022)	(102)	(1,723,615)	-
Operating grant	1,404,331	188,461	-	1,592,792	-
Capital recovery fees	1,073,839	-	-	1,073,839	-
Total nonoperating revenues (expenses)	<u>1,037,887</u>	<u>22,857</u>	<u>3,711</u>	<u>1,064,455</u>	<u>60,690</u>
Income before contributions	5,615,718	1,330,450	266,171	7,212,339	1,171,616
Capital contributions	410,016	-	-	410,016	-
Transfers in	-	35,112	-	35,112	-
Transfers out	<u>(249,050)</u>	<u>-</u>	<u>-</u>	<u>(249,050)</u>	<u>-</u>
Change in net assets	5,776,684	1,365,562	266,171	7,408,417	1,171,616
Total net assets - beginning	<u>102,764,273</u>	<u>15,709,065</u>	<u>662,492</u>		<u>5,993,328</u>
Total net assets - ending	<u>\$ 108,540,957</u>	<u>\$ 17,074,627</u>	<u>\$ 928,663</u>		<u>\$ 7,164,944</u>

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

	180,182
Change in net assets of business-type activities	\$ 7,588,599

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

**CITY OF SANFORD, FLORIDA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
For The Year Ended September 30, 2011

	<b>Business-type Activities - Enterprise Funds</b>				Governmental Activities - Internal Service Fund
	Water/Sewer	Stormwater	Solid Waste	Total	
<b>Cash flows from operating activities:</b>					
Receipts from customers and users	\$ 20,070,699	\$ 3,694,992	\$ 5,366,225	\$ 29,131,916	\$ 5,645,154
Payments to suppliers	(5,508,368)	(1,306,956)	(4,845,174)	(11,660,498)	(4,785,740)
Payments to employees	(5,464,792)	(882,917)	(99,737)	(6,447,446)	(1,263)
Payments for interfund services used	(1,182,784)	(425,871)	(157,369)	(1,766,024)	-
Net cash provided (used) by operating activities	<u>7,914,755</u>	<u>1,079,248</u>	<u>263,945</u>	<u>9,257,948</u>	<u>858,151</u>
<b>Cash flows from noncapital financing activities:</b>					
Operating grant receipts	1,404,331	188,461	-	1,592,792	-
Transfers to other funds	(249,050)	-	-	(249,050)	-
Transfers from other funds	-	35,112	-	35,112	-
Net cash provided by noncapital financing activities	<u>1,155,281</u>	<u>223,573</u>	<u>-</u>	<u>1,378,854</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>					
Repayment of notes payable	(1,854,547)	(245,250)	-	(2,099,797)	-
Principal paid on capital debt	(1,120,000)	(191,565)	-	(1,311,565)	-
Capital debt issuance costs	(65,065)	-	-	(65,065)	-
Interest paid	(1,527,491)	(196,022)	(103)	(1,723,616)	-
Proceeds of note payable	2,161,237	350,923	-	2,512,160	-
Purchase of capital assets	(3,783,904)	(1,164,716)	-	(4,948,620)	(4,822)
Capital contributions	1,073,839	-	-	1,073,839	-
Proceeds from sales of capital assets	16,344	6,448	-	22,792	-
Net cash used in capital and related financing activities	<u>(5,099,587)</u>	<u>(1,440,182)</u>	<u>(103)</u>	<u>(6,539,872)</u>	<u>(4,822)</u>
<b>Cash flows from investing activities:</b>					
Investment income earned on operating funds	87,208	30,418	3,813	121,439	60,690
Net cash provided by investing activities	<u>87,208</u>	<u>30,418</u>	<u>3,813</u>	<u>121,439</u>	<u>60,690</u>
Net increase (decrease) in cash and cash equivalents	4,057,657	(106,943)	267,655	4,218,369	914,019
Cash and cash equivalents at beginning of year	<u>8,246,203</u>	<u>4,572,240</u>	<u>350,945</u>	<u>13,169,388</u>	<u>7,939,105</u>
Cash and cash equivalents at end of year	<u>\$ 12,303,860</u>	<u>\$ 4,465,297</u>	<u>\$ 618,600</u>	<u>\$ 17,387,757</u>	<u>\$ 8,853,124</u>
<b>Reconciliation to cash and pooled investments per Statement of Net Assets:</b>					
Cash	\$ 1,097,313	\$ -	\$ 509,681	\$ 1,606,994	\$ 2,853,124
Investments	3,000,000	4,292,486	-	7,292,486	6,000,000
Restricted investments, noncurrent	8,206,547	172,811	108,919	8,488,277	-
	<u>\$ 12,303,860</u>	<u>\$ 4,465,297</u>	<u>\$ 618,600</u>	<u>\$ 17,387,757</u>	<u>\$ 8,853,124</u>

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

(Continued)

**CITY OF SANFORD, FLORIDA**  
**Statement of Cash Flows**  
**Proprietary Funds (Continued)**  
For The Year Ended September 30, 2011

	<u>Business-type Activities - Enterprise Funds</u>				Governmental Activities - Internal Service Fund
	<u>Water/Sewer</u>	<u>Stormwater</u>	<u>Solid Waste</u>	<u>Total</u>	
<b>Reconciliation of operating loss to net cash provided by operating activities:</b>					
Operating income (loss)	\$ 4,577,831	\$ 1,307,593	\$ 262,460	\$ 6,147,884	\$ 1,110,926
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	3,416,599	490,513	4,901	3,912,013	3,737
Amortization	297,123	6,717	-	303,840	-
Changes in assets and liabilities:					
Accounts receivable	(232,987)	126,180	48,371	(58,436)	(116,500)
Due from other governments	(326,840)	(97,708)	(22,894)	(447,442)	-
Prepays	(17,205)	-	-	(17,205)	(270,805)
Due from other funds	365,000	-	-	365,000	-
Customer deposits	58,338	-	5,791	64,129	-
Accounts payable	(147,652)	(660,681)	(36,760)	(845,093)	130,793
Retainage payable	(226,558)	(119,717)	-	(346,275)	-
Accrued liabilities	62,476	43,060	322	105,858	-
OPEB obligation	88,581	17,541	1,754	107,876	-
Due to other governments	58	-	-	58	-
Deferred revenue	(9)	(34,250)	-	(34,259)	-
Net cash provided (used) by operating activities	<u>\$ 7,914,755</u>	<u>\$ 1,079,248</u>	<u>\$ 263,945</u>	<u>\$ 9,257,948</u>	<u>\$ 858,151</u>
	-	-	-		-
<b>Noncash investing, capital, and financing activities:</b>					
Contributions of capital assets from developers	\$ 410,016	\$ -	\$ -	\$ 410,016	\$ -
Increase (decrease) in fair value of investments	(50,556)	(21,027)	(2,382)	(73,965)	(39,274)
Capitalized interest on capital debt	13,443	2,635	-	16,078	-

**CITY OF SANFORD, FLORIDA**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
September 30, 2011

	Total Employee Retirement Funds
<b>Assets</b>	
Cash and short-term investments	\$ 16,388,882
Interest receivable	197
Prepaid Expenses	6,928
Investments, at fair value:	
US Government Securities	3,575,759
Bonds	2,932,673
Common stocks	18,234,308
Total investments	24,742,740
 Total assets	 41,138,747
<b>Liabilities and net assets</b>	
Liabilities	38,483
<b>Net assets</b>	
Held in trust for pension benefits	\$ 41,100,264

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

**CITY OF SANFORD, FLORIDA**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
For The Year Ended September 30, 2011

	<u>Total Employee Retirement Funds</u>
<b>Additions</b>	
Contributions:	
City	\$ 3,013,786
Employee	586,857
Total contributions	<u>3,600,643</u>
Investment earnings (losses):	
Interest & Dividends	649,163
Net decrease in fair value of investments	(616,758)
Investment expenses	<u>(261,686)</u>
Net investment earnings	<u>(229,281)</u>
Total additions	<u>3,371,362</u>
<b>Deductions</b>	
Benefit payments	2,821,958
Refund of contributions	108,154
Administrative expenses	<u>89,124</u>
Total deductions	<u>3,019,236</u>
Change in net assets	352,126
Net assets - beginning of year	<u>40,748,138</u>
Net assets - end of year	<u>\$ 41,100,264</u>

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

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

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**Note 1 - Summary of Significant Accounting Policies**

The City of Sanford, Florida (the “City”), is a political subdivision of the State of Florida located in Seminole County. The legislative branch of the City is composed of a five-member elected Commission, including a City-wide elected Mayor. The City Commission is governed by the City Charter and by state and local laws and regulations. The City Commission is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Commission-appointed City Manager. The accounting policies of the City conform to accounting principles generally accepted in the United States of America, as applicable to governments, as established by the Governmental Accounting Standards Board. The following is a summary of the more significant policies.

**A. Reporting Entity**

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

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

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

**Discretely Presented Component Units**

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

**The City of Sanford Community Redevelopment Agency** - The City of Sanford Community Redevelopment Agency (the “Sanford CRA”) pursuant to Section 163.356, Florida Statutes, was established by City Ordinance No. 3282 and County Ordinance No. 95-R-246. The Sanford CRA was established to enhance selected areas of

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

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

**A. Reporting Entity (Continued)**

the City. The Seminole Towne Center, Lake Monroe Waterfront, and Downtown Sanford Community Redevelopment areas are the currently active projects undertaken by the City. The Sanford CRA District known as Seminole Towne Center was established in 1993 with the City Commission as the agency. In 1996, the Lake Monroe Waterfront and Downtown District was expanded by an interlocal agreement with Seminole County. Currently, the City and Seminole County provide tax increment revenue to the Sanford CRA. Taxes are to be used for payment of infrastructure improvement projects and debt service on loans.

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

**B. Fund Accounting**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. Primarily, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent, on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

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

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

and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 61 days of when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental fund:

The *General Fund* is the general operating fund of the City. It is used to account for and report all financial resources not accounted for and reported in another fund.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer enterprise fund, of the solid waste enterprise fund, and of the stormwater enterprise fund, and of the City's internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major proprietary funds:

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

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

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

Additionally, the City reports the following funds:

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

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

Component Units - *Sanford CRA* is used to account for financial resources of the Seminole Towne Center Bond Trust Fund and the Lake Monroe Waterfront and Downtown Sanford Community Redevelopment Trust

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

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

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

Fund. Capital assets are constructed with the proceeds, and are donated to the primary government. *Airport Authority* is used to account for the related activities of the Sanford Airport Authority. These component units are presented as discrete component units in the accompanying financial statements and are accounted for on the accrual basis of accounting.

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

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

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

**D. GASB Statement No. 20 Election**

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

**E. Cash, Cash Equivalents, and Investments**

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

**F. Receivables**

(1) Property Taxes Receivable - Under Florida law, the assessment of all properties and the collection of all county, municipal, and school board property taxes are consolidated in the offices of the Seminole County Property Appraiser (the "Property Appraiser") and Seminole County Tax Collector (the "Tax Collector"). The laws of the state regulating tax assessments are also designed to assure a consistent property valuation method statewide. State Statutes permit municipalities to levy property taxes at a rate up to ten (10) mills. The millage rate assessed by the City for the fiscal year ended September 30, 2011 was 6.825 mills.

All real and tangible personal property taxes are due and payable on November 1 of each year, or as soon thereafter as the assessment roll is certified by the Property Appraiser (levy date). The Tax Collector mails to each property owner on the assessment roll a notice of the taxes due. The Tax Collector also collects the taxes for the City. Taxes may be paid upon receipt of such notice from the Tax Collector, with discounts at the rate of four percent (4%) if paid in the month of November, three percent (3%) if paid in the month of December, two percent (2%) if paid in the month of January, and one percent (1%) if paid in the month of February. Taxes

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

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

**F. Receivables (Continued)**

paid during the month of March are without discount, and all unpaid taxes on real and tangible personal property become delinquent on April 1 of the year following the year in which taxes were assessed.

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

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

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

**G. Inventories**

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

**H. Prepaids**

Prepaids represent payments made to vendors for services that will benefit beyond September 30, 2011.

**I. Capital Assets**

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Constructed or purchased assets are recorded at historical cost or estimated historical cost. Donated assets are recorded at the estimated fair market value on the date of donation. The threshold for capitalization of assets is \$1,000. Costs of maintenance and repairs that do not add to the value of assets or extend their useful lives are not capitalized.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

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

**I. Capital Assets (Continued)**

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

<u>Classification</u>	<u>Years</u>
Buildings and improvements	10 - 60
Water and Sewer System	40 - 60
Stormwater Management System	40 - 60
Equipment	3 - 30
Airport Authority streets	20 - 40
Infrastructure	30 - 60
Irrigation rights	25

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

**J. Compensated Absences**

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

**K. Unamortized Bond Issuance Costs**

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

**L. Unamortized Bond Discounts**

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

**M. Deferred and Unearned Revenues**

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

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

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

**N. Post Employment Benefits Other than Pensions**

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

**O. Encumbrances**

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

General Fund	\$	109,864
CDBG Fund		9,080
Law Enforcement Trust Fund		133
Second Generation Sales Tax Fund		532,065
ARRA Grant Fund		15,250
Capital Projects Fund		564,280
Capital Replacement Fund		218,987
		\$ 1,449,659

**P. Net Assets and Fund Balance**

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

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

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

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

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

**Q. Minimum Fund Balance Policy**

The City Commission has informally set policy to provide for a 16% minimum fund balance policy for the General Fund based on budgeted expenditures; this amount is currently reported as unassigned and totals \$5,989,829 of the 2012 adopted budget.

**Note 2 - Stewardship, Compliance, and Accountability**

**A. Budgets and Budgetary Accounting**

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

- (1) On or before July 1 of each year, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing the following October 1.
- (2) Public hearings are conducted to obtain taxpayer comments.
- (3) Prior to October 1, the budget is legally enacted through passage of a resolution.
- (4) Formal budgetary integration is employed as a management control device during the year for all funds which have a legally adopted budget, including the General Fund, Police Education Fund, Law Enforcement Trust Fund, Local Option Gas Tax Fund, Second Generation Sales Tax Fund, Building Inspection Fund, ARRA Grant Fund, CDBG Grant Fund, LIHEAP Grant Fund, Youthbuild Grant Fund, Cemetery Fund, Recreation Facilities Impact Fees Fund, Fire Public Safety Facilities Impact Fees, Police Public Safety Facilities Impact Fees, Debt Service Fund, Water and Sewer Fund, Solid Waste Fund, and Stormwater Fund. The City does not prepare a budget for the NSP Grant Fund or the Premium Tax Trust Fund.
- (5) Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
- (6) The City Manager is authorized by the City Commission to transfer budgeted funds within and/or between functions and/or 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 functions and/or departments. The classification detail at which expenditures may not legally exceed appropriations is at the fund level.
- (7) Every appropriation and encumbrance, except an appropriation and/or encumbrance for a specified major capital expenditure, shall lapse at the close of the fiscal year to the extent that it has not been expended.
- (8) Supplemental appropriations beyond those for which the City Manager is authorized must be approved by the City Commission. There were a number of such supplemental appropriations made during the fiscal year.

**B. Deficit Fund Equity**

The CDBG, ARRA, NSP, and Youthbuild Grant Funds had deficit fund balances of \$147,603, \$151,882, \$20,770, and \$73,948 respectively, as of September 30, 2011. The grant fund deficits are due to timing issues, and the City will be reimbursed by the appropriate parties in 2012.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

**Note 3 - Deposits and Investments**

The carrying amount (which approximates fair value) of the City's deposits and investments as of September 30, 2011 is as follows:

	<u>Carrying Amount</u>
Primary Government	
Pension Funds:	
Cash	\$ 48,839
Money Market Funds	16,340,043
Mutual funds investing in common stocks and mutual funds	18,234,308
Mutual funds investing in corporate and U.S. Treasury bonds	<u>6,508,432</u>
Total pension funds	<u>41,131,622</u>
Governmental and Business-type Activities:	
Local Government Surplus Funds Trust Fund	600,050
Investments	37,432,543
Demand Deposits	<u>10,006,696</u>
Total governmental and business-type activities	<u>48,039,289</u>
Total Primary Government	<u>\$ 89,170,911</u>
Component Unit - Airport Authority	
Local Government Surplus Funds Trust Fund	51,415
Demand Deposits	<u>4,096,529</u>
Total Component Unit - Airport Authority	<u>\$ 4,147,944</u>
Component Unit - Sanford CRA	
Investments	1,000,000
Demand Deposits	<u>183,473</u>
Total Component Unit - Sanford CRA	<u>\$ 1,183,473</u>
Classified as:	
Cash and cash equivalents	31,280,017
Investments	54,684,606
Restricted cash and cash equivalents	47,028
Restricted investments	<u>8,490,677</u>
	<u>\$ 94,502,328</u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

**Note 3 - Deposits and Investments (Continued)**

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

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

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

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

**Governmental and Business-type Activities Investments**

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

As of September 30, 2011, the City's Governmental, Business-type and CRA investment portfolio is composed of the following investments:

Investment Type	Type	Moody's Credit Quality Rating	S&P Credit Quality Rating	Fair Value	Weighted Average Investment Maturities (in Years)	
					Less Than 1	1 - 5
Pooled Interest Bearing Checking Accou	Cash	NR*	NR*	\$ 10,190,169	\$ 10,190,169	\$ -
State Board of Administration	LGIP	AAAm	AAAm	600,050	600,050	-
Money Market Funds	Money Market	NR*	NR*	641,419	641,419	-
U.S. Treasury Bonds/Notes	Fixed Income	Aaa	AA+	12,423,454	-	12,423,454
Government Agency Bonds	Fixed Income	Aaa	AA+	16,202,818	7,302,697	8,900,121
Government Agency Bonds	Fixed Income	Aaa	A-1+	374,284	-	374,284
Government Agency Bonds	Fixed Income	Aaa	NR*	157,581	-	157,581
Corporate Debt	Fixed Income	Aaa	AA+	7,646,570	3,419,209	4,227,361.00
Corporate Debt	Fixed Income	P-1	A-1+	899,791	899,791	-
Total Portfolio				<u>\$ 49,136,136</u>	<u>\$ 23,053,335</u>	<u>\$ 26,082,801</u>

\* Not Rated

As of September 30, 2011 the carrying amount of investments includes accrued interest of \$86,626.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

**Note 3 - Deposits and Investments (Continued)**

**Governmental and Business-type Activities Investments (Continued)**

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

Cash and Investments - Statement of Net Assets:	
Cash and Cash Equivalents	\$ 10,790,219
Investments	29,941,866
Restricted Assets:	
Investments	8,490,677
Total Cash and Investments	49,222,762
Accrued Interest	(86,626)
Total Portfolio	\$ 49,136,136

Investment income for the year ended September 30, 2011 consisted of the following:

	Other		
	General Fund	Governmental Funds	Proprietary Funds
Interest income	\$ 236,820	\$ 74,409	\$ 295,368
Net increase (decrease) in fair value of investments	(97,079)	(10,458)	(113,239)
	\$ 139,741	\$ 63,951	\$ 182,129

**Defined-Benefit Pension Plan Investments**

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

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

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

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

**Note 3 - Deposits and Investments (Continued)**

**Defined-Benefit Pension Plan Investments (Continued)**

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

Defined-Benefit Pension Plan investments were as follows at September 30, 2011:

Investment Type	Type	Moody's Credit Quality Rating	Fair Value	Weighted Average Investment Maturities (in Years)			
				Less Than 1/NA	1 - 5	6 - 10	More than 10
Police Pension:							
Cash and Receivables	Cash	NR*	\$ 48,834	\$ 48,834	\$ -	\$ -	\$ -
Money Market Funds	Money Market	NR*	1,091,679	1,091,679	-	-	-
U.S. Treasury Bonds/Notes	Fixed Income	Aaa	821,930	-	-	-	821,930
Government Agency Bonds	Fixed Income	Aaa	167,485	-	167,485	-	-
GNMA, FNMA, FHLMC Pools	Fixed Income	NR*	2,586,344	-	-	566,610	2,019,734
Variable Corporate CMOs and REMICS	Fixed Income	Aaa	131,333	-	131,333	-	-
Corporate CMOs and REMICS	Fixed Income	NR*	507,217	-	444,338	62,879	-
Corporate CMOs and REMICS	Fixed Income	Aaa	934,652	-	926,113	-	8,539
Corporate CMOs and REMICS	Fixed Income	NR*	240,000	-	-	240,000	-
CMOs and REMICS	Fixed Income	NR*	511,836	-	8,206	424,471	79,159
Corporate Debt	Fixed Income	A2	301,280	-	101,269	200,011	-
Corporate Debt	Fixed Income	A1	105,315	-	105,315	-	-
Corporate Debt	Fixed Income	Aa3	48,978	-	48,978	-	-
Corporate Debt	Fixed Income	Aa2	152,062	-	-	152,062	-
Total Police Pension			7,648,945	1,140,513	1,933,037	1,646,033	2,929,362
Firefighters' Pension:							
Cash and Receivables	Cash	NR*	5	5	-	-	-
Money Market Funds	Money Market	NR*	15,248,364	15,248,364	-	-	-
Total Firefighters' Pension			15,248,369	15,248,369	-	-	-
Total Pension Investments			\$ 22,897,314	\$ 16,388,882	\$ 1,933,037	\$ 1,646,033	\$ 2,929,362

\* Not Rated

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

**Note 3 - Deposits and Investments (Continued)**

**Investment Risk**

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

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

Allowed Securities  
 With Credit Exposure as a Percentage of Total Investments

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

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

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

**Note 4 - Restricted Cash and Cash Equivalents, and Investments**

Certain funds have cash and cash equivalents that are restricted either by bond resolutions, ordinances, or governmental regulations. The following is a summary of restricted cash and cash equivalent accounts at September 30, 2011:

	Primary Government		Component Unit
	Governmental Activities	Business-type Activities	Airport Authority
	Restricted investments:		
Sinking Fund	\$ -	\$ 5,995,893	\$ -
Customer Deposits	2,400	1,155,079	-
Utility Trust Impact Fees	-	1,337,305	-
Airport Memorial Fund	-	-	46,508
	<u>\$ 2,400</u>	<u>\$ 8,488,277</u>	<u>\$ 46,508</u>

**Note 5 - Receivables**

The following is a detailed listing of receivables by type and fund at September 30, 2011:

	Primary Government		Component Unit	
	Governmental Activities	Business-type Activities	Sanford CRA	Airport Authority
	Receivables:			
Accounts Billed	\$ 62,036	\$ 2,830,829	\$ -	\$ 700,074
Unbilled Receivables	-	2,384,254	-	-
Other Miscellaneous	4,558,443	183,742	33	-
Gross Receivables	<u>4,620,479</u>	<u>5,398,825</u>	<u>33</u>	<u>700,074</u>
Less: Allowance for Uncollectibles	<u>2,952,334</u>	<u>1,380,898</u>	<u>-</u>	<u>390,751</u>
	<u>\$ 1,668,145</u>	<u>\$ 4,017,927</u>	<u>\$ 33</u>	<u>\$ 309,323</u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

**Note 6 - Capital Assets**

**A. Changes in Capital Assets**

During the year ended September 30, 2011, the following changes in capital assets occurred:

	Balance October 1, 2010	Additions	Reductions/ Transfers	Balance September 30, 2011
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 4,177,912	\$ 323,826	\$ 1,081,667	\$ 5,583,405
Construction in progress	19,807,760	3,125,605	(21,876,599)	1,056,766
Total capital assets, not being depreciated	<u>23,985,672</u>	<u>3,449,431</u>	<u>(20,794,932)</u>	<u>6,640,171</u>
Capital assets, being depreciated:				
Buildings	49,657,959	15,200	16,647,901	66,321,060
Machinery and equipment	26,468,726	3,093,478	(2,735,792)	26,826,412
Infrastructure	97,672,548	148,202	3,202,587	101,023,337
Total capital assets, being depreciated	<u>173,799,233</u>	<u>3,256,880</u>	<u>17,114,696</u>	<u>194,170,809</u>
Less accumulated depreciation for:				
Buildings	19,506,731	2,225,666	(177,878)	21,554,519
Machinery and equipment	21,151,208	1,888,739	(3,118,711)	19,921,236
Infrastructure	38,081,629	2,194,238	(183,147)	40,092,720
Total accumulated depreciation	<u>78,739,568</u>	<u>6,308,643</u>	<u>(3,479,736)</u>	<u>81,568,475</u>
Total capital assets, being depreciated, net	<u>95,059,665</u>	<u>(3,051,763)</u>	<u>20,594,432</u>	<u>112,602,334</u>
Governmental activities capital assets, net	<u>\$ 119,045,337</u>	<u>\$ 397,668</u>	<u>\$ (200,500)</u>	<u>\$ 119,242,505</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 6,925,684	\$ 11,400	\$ -	\$ 6,937,084
Construction in progress	9,108,439	4,618,259	(9,429,987)	4,296,711
Total capital assets, not being depreciated	<u>16,034,123</u>	<u>4,629,659</u>	<u>(9,429,987)</u>	<u>11,233,795</u>
Capital assets, being depreciated:				
Buildings	35,095,330	117,464	1,488,615	36,701,409
Water and sewer system	123,241,878	427,431	4,542,633	128,211,942
Stormwater management	16,063,728	-	5,699,021	21,762,749
Machinery and equipment	12,411,825	176,409	(2,479,484)	10,108,750
Irrigation rights	2,220,000	-	-	2,220,000
Total capital assets, being depreciated	<u>189,032,761</u>	<u>721,304</u>	<u>9,250,785</u>	<u>199,004,850</u>
Less accumulated depreciation for:				
Buildings	4,698,263	679,598	1,809,768	7,187,629
Water and sewer system	28,534,863	2,070,540	(808,227)	29,797,176
Stormwater management	4,219,657	391,047	284,012	4,894,716
Machinery and equipment	8,462,950	785,892	(1,464,701)	7,784,141
Irrigation rights	1,709,400	88,800	-	1,798,200
Total accumulated depreciation	<u>47,625,133</u>	<u>4,015,877</u>	<u>(179,148)</u>	<u>51,461,862</u>
Total capital assets, being depreciated, net	<u>141,407,628</u>	<u>(3,294,573)</u>	<u>9,429,933</u>	<u>147,542,988</u>
Business-type activities capital assets, net	<u>\$ 157,441,751</u>	<u>\$ 1,335,086</u>	<u>\$ (54)</u>	<u>\$ 158,776,783</u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

**Note 6 - Capital Assets (Continued)**

**A. Changes in Capital Assets (Continued)**

	Balance October 1, 2010	Additions	Reductions/ Transfers	Balance September 30, 2011
CRA				
Capital assets, not being depreciated:				
Construction in progress	\$ 232,585	\$ 535,022	\$ (477,699)	\$ 289,908
Total capital assets, not being depreciated	<u>232,585</u>	<u>535,022</u>	<u>(477,699)</u>	<u>289,908</u>
Capital assets, being depreciated:				
Buildings	3,263,352	-	-	3,263,352
Infrastructure	7,552,462	-	477,699	8,030,161
Machinery and equipment	31,096	-	-	31,096
Total capital assets, being depreciated	<u>10,846,910</u>	<u>-</u>	<u>477,699</u>	<u>11,324,609</u>
Less accumulated depreciation for:				
Buildings	1,212,483	228,124	-	1,440,607
Infrastructure	2,782,683	172,575	-	2,955,258
Machinery and equipment	19,277	2,705	-	21,982
Total accumulated depreciation	<u>4,014,443</u>	<u>403,404</u>	<u>-</u>	<u>4,417,847</u>
Total capital assets, being depreciated, net	<u>6,832,467</u>	<u>(403,404)</u>	<u>477,699</u>	<u>6,906,762</u>
Governmental activities capital assets, net	<u>\$ 7,065,052</u>	<u>\$ 131,618</u>	<u>\$ -</u>	<u>\$ 7,196,670</u>

**B. Depreciation Expense Allocation**

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 837,220
Public safety	1,311,186
Physical environment	219,392
Transportation	2,861,030
Economic environment	400
Human services	12,840
Culture/Recreation	1,066,575
Total depreciation expense - governmental activities	<u>\$ 6,308,643</u>
Business-type activities:	
Water and sewer	\$ 3,514,070
Stormwater	496,906
Solid waste	4,901
Total depreciation expense - business-type activities	<u>\$ 4,015,877</u>
CRA:	
Economic environment	\$ 403,404
Total depreciation expense - CRA component unit	<u>\$ 403,404</u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

**Note 7 - Long-Term Debt**

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

Changes in long-term debt for the year ended September 30, 2011 are summarized as follows:

	Balance October 1, 2010	Additions	Reductions	Balance September 30, 2011	Long-term Portion	Due Within One Year
<b>Governmental activities:</b>						
Bonds payable	\$ 16,795,000	\$ -	\$ (640,000)	\$ 16,155,000	\$ 15,485,000	\$ 670,000
Other post employment benefits	199,556	332,529	-	532,085	532,085	-
Accrued compensated absences	2,309,020	1,907,893	(2,159,002)	2,057,911	1,424,944	632,967
Claims payable	1,995,675	503,713	(372,920)	2,126,468	570,444	1,556,024
Capital lease	700,502	-	(181,742)	518,760	330,725	188,035
Accrued clean-up and long-term care costs	877,584	-	(357,373)	520,211	500,835	19,376
Governmental activity long-term liabilities	<u>\$ 22,877,337</u>	<u>\$ 2,744,135</u>	<u>\$ (3,711,037)</u>	<u>\$ 21,910,435</u>	<u>\$ 18,844,033</u>	<u>\$ 3,066,402</u>
<b>Business-type activities:</b>						
Utility Revenue Bonds	\$ 20,090,000	\$ -	\$ (1,120,000)	\$ 18,970,000	\$ 17,605,000	\$ 1,365,000
Less: Unamortized discount	(982,943)	-	166,938	(816,005)	(816,005)	-
Stormwater System Revenue Bonds	191,564	-	(191,564)	-	-	-
Less: Unamortized discount	(2,438)	-	2,438	-	-	-
SRF loans	34,370,639	2,512,160	(2,099,797)	34,783,002	32,494,462	2,288,540
Less: Unamortized discount	(652,938)	(65,065)	45,665	(672,338)	(672,338)	-
Other post employment benefits	61,730	107,876	-	169,606	169,606	-
Compensated absences	469,863	651,306	(609,841)	511,328	375,141	136,187
Business-type activity long-term liabilities	<u>\$ 53,545,477</u>	<u>\$ 3,206,277</u>	<u>\$ (3,806,161)</u>	<u>\$ 52,945,593</u>	<u>\$ 49,155,866</u>	<u>\$ 3,789,727</u>

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

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

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

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

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

<u>Bond Year Ending</u>	<u>Sales Tax Revenue Bonds, Series 2008</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
2012	\$ 670,000	\$ 681,741	\$ 1,351,741
2013	695,000	653,467	1,348,467
2014	725,000	624,138	1,349,138
2015	755,000	593,543	1,348,543
2016	790,000	561,682	1,351,682
2017-2021	4,475,000	2,279,433	6,754,433
2022-2026	5,505,000	1,252,285	6,757,285
2027-2028	2,540,000	161,837	2,701,837
	<u>\$ 16,155,000</u>	<u>\$ 6,808,126</u>	<u>\$ 22,963,126</u>

**C. Defeasance of Debt**

The City has bond issues that have been defeased and remain outstanding. The debt is considered extinguished in an in-substance defeasance and, accordingly, is not reflected in the accompanying financial statements. The following schedule is a summary of the remaining balances outstanding for the defeased bonds as of September 30, 2011:

<u>Type</u>	<u>Series</u>	<u>Date Refunded</u>	<u>Outstanding</u>	<u>Outstanding</u>
			<u>as of Refunding</u>	<u>as of September 30, 2011</u>
Revenue Bonds	1993	September, 2003	\$ 8,575,000	\$ 4,880,000

**D. Water and Sewer Fund Revenue Bonds**

On April 28, 2010, the City issued a Water and Sewer Revenue Note, Series 2010, in the amount of \$14,720,000 for the purpose of refunding all of the City's outstanding Water and Sewer Revenue Bonds, Series 1993, to finance \$1,000,000 in capital improvements to the system, and to pay for financing costs of the issuance of the Series 2010 Note.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

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

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

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

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

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

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

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

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

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

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

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

(4) Water and Sewer Fund Bonds Issued and Annual Debt Service Requirements - The following is a schedule of annual debt service requirements to maturity for the Water and Sewer Fund Bonds at September 30, 2011:

<u>Bond Year Ending</u>	<u>Bonds, Series 2003</u>		<u>Bonds, Series 2010</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
2012	\$ 1,365,000	\$ 159,500	\$ -	\$ 569,664	\$ 2,094,164
2013	1,415,000	111,725	-	569,664	2,096,389
2014	1,470,000	55,125	-	569,664	2,094,789
2015	-	-	1,745,000	569,664	2,314,664
2016	-	-	1,810,000	502,133	2,312,133
2017-2021	-	-	10,160,000	1,403,069	11,563,069
2022	-	-	1,005,000	38,893	1,043,893
	<u>\$ 4,250,000</u>	<u>\$ 326,350</u>	<u>\$ 14,720,000</u>	<u>\$ 4,222,751</u>	<u>\$23,519,101</u>

**E. Stormwater System Fund Revenue Bonds**

(1) Bonds Issued - During the year ended September 30, 1999, the City authorized the issuance of Stormwater System Revenue Bonds, Series 1998, not to exceed \$4,200,000. The bonds bore interest at 4.45% and matured on March 31, 2011. As of September 30, 2011, the City paid the remaining principal balance on these bonds.

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

(3) Annual Debt Service Requirements - The Stormwater System Fund Bonds were paid in full during 2011.

**F. Bonds and Notes Payable**

The City has revenue bonds and notes outstanding at September 30, 2011. The revenue notes and bonds under governmental activities are secured by several pledged revenue sources. The following is a summary schedule of these long-term obligations of the City and their impact on those present and future pledged revenue sources:

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

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

**F. Bonds and Notes Payable (Continued)**

	<u>Purpose of Issue</u>	<u>Revenue Pledged</u>	<u>Amount Issued</u>
<b>Governmental Activities</b>			
Sales Tax, Series 2008	Public safety complex	Sales Tax Revenues	\$ 18,000,000
Key Government Finance	City-wide telephone system	N/A	300,000
TD Equipment Finance, Inc.	Fire Truck	N/A	582,482
<b>Total Governmental Activities:</b>			<u>\$ 18,882,482</u>
<b>Business-type Activities</b>			
Water/Sewer Utility Debt:			
Revenue Bonds:			
Series 2003	Refunding	Net revenue of water and sewer system/ water and sewer development charges	12,450,000
Series 2010	Refunding	Net revenue of water and sewer system/ water and sewer development charges	14,720,000
State Revolving Funds:			
CS120586170	Sewage treatment plant/reuse expansion	Net revenues of water and sewer system	5,718,200
CS120586190	Reclaimed water reuse facilities at Site 10	Net revenues of water and sewer system	500,166
CS120586210	Westerly interceptor - influent transmission facilities	Net revenues of water and sewer system	1,544,029
CS120586220	Wastewater pollution control facilities	Net revenues of water and sewer system	7,015,870
DW5906010	Drinking water system improvements	Net revenues of water and sewer system	6,599,510
WW586250	Sanford south water resource center, Phase I	Net revenues of water and sewer system	18,991,315
WW590100	Sewer Restoration of underground pipe and Manhole Rehabilitation	Net revenues of water and sewer system	2,622,385
WW590101	Sewer Restoration of underground pipe and Manhole Rehabilitation	Net revenues of water and sewer system	205,020
DW590120	AMR Water Replacement and pre-chlorinated water pipe bursting	Net revenues of water and sewer system	939,922
WW590130	Water Treatment facility rehab	Net revenues of water and sewer system	163,068
DW590110	Drinking water system improvements	Net revenues of water and sewer system	448,791
Total Water/Sewer Utility Debt			<u>71,918,276</u>
Stormwater Utility Debt:			
Revenue Bonds:			
Series 1998	Improvements to stormwater system	Net revenue of the stormwater system	3,653,500
State Revolving Funds:			
SWG12058624P	Stormwater management	Net revenue of the stormwater system	4,525,534
SW586260	Stormwater management	Net revenue of the stormwater system	2,612,308
SW586261	Stormwater management	Net revenue of the stormwater system	443,949
Total Stormwater Utility Debt			<u>11,235,291</u>
<b>Total Business-type Activities:</b>			<u>\$ 83,153,567</u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

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

**F. Bonds and Notes Payable (Continued)**

Amount O/S and/or Pledged	Interest Rate	Debt Service as Portion of Revenue Pledged	Total Debt Service Paid	Annual Pledged Revenues
\$ 16,155,000	4.22%	45.88%	\$ 1,348,749	\$ 2,939,839
73,681	4.41%	N/A	75,510	N/A
445,079	2.68%	N/A	125,163	N/A
<u>\$ 16,673,760</u>			<u>\$ 1,549,422</u>	
4,250,000	2.00%-4.00%	14.32%	1,320,100	\$ 9,215,926
14,720,000	3.87%	6.18%	569,664	\$ 9,215,926
759,377	2.89%-3.73%	4.78%	400,337	\$ 8,378,761
76,500	2.43%	0.38%	31,724	\$ 8,378,761
197,069	2.89%	1.22%	102,120	\$ 8,378,761
2,829,937	1.67%	3.56%	298,384	\$ 8,378,761
4,065,578	3.55%	5.18%	433,675	\$ 8,378,761
15,613,911	2.42%-2.48%	14.50%	1,214,999	\$ 8,378,761
2,566,898	2.65%	1.02%	85,609	\$ 8,378,761
200,653	2.28%	0.08%	6,414	\$ 8,378,761
939,922	2.66%	0.00%	-	\$ 8,378,761
163,068	2.63%-2.87%	0.00%	-	\$ 8,378,761
439,044	2.71%	0.18%	14,865	\$ 8,378,761
<u>46,821,957</u>			<u>4,477,891</u>	
-	4.45%	10.67%	195,803	\$ 1,835,241
3,926,652	2.52%-2.81%	16.60%	304,577	\$ 1,835,241
2,560,444	2.80%	4.75%	87,170	\$ 1,835,241
443,949	2.28%	0.00%	-	\$ 1,835,241
<u>6,931,045</u>			<u>587,550</u>	
<u>\$ 53,753,002</u>			<u>\$ 5,065,441</u>	\$ 29,400,565

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

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

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

State and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the Art Lane Landfill site for thirty (30) years after closure. The City placed a final cover on the landfill during fiscal year 2001, and has since initiated post-closure maintenance and monitoring functions. The estimated future cost for post-closure maintenance, amounting to \$520,211, is reported as long-term debt on the entity-wide statement of net assets. These costs are recognized in the General Fund as expenditures as they became obligations to be liquidated with available financial resources. Amounts reported as long-term debt are based on estimates provided by consulting engineers. All amounts are based on what it would cost to perform post-closure functions in current dollars. Actual costs may differ due to inflation, changes in technology, or changes in laws and regulations.

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

The cost of clean-up activities has been estimated by an engineer to be \$20 million, of which the City has paid their share currently and no outstanding balance is presented as accrued clean-up costs for governmental activities.

**Note 8 - Notes Payable - Enterprise Funds**

Enterprise Funds notes payable at September 30, 2011 are as follows:

Primary Government: Stormwater:

State Revolving Fund Loan SW586260 payable, \$2,612,308 authorized, \$2,612,308 drawn for planning and design for downtown drainage, payable in 40 equal semiannual installments, including interest at 2.8%, on October 15 and April 15 of each year. \$ 2,560,444

State Revolving Fund Loan SWG12058624P payable, \$4,525,534 authorized, \$4,525,534 drawn for planning and design for downtown drainage study, payable in 40 equal semiannual installments, including interest at 2.9% on \$790,268, 2.81% on \$2,140,000, and 2.52% on \$1,698,930, on July 15 and January 15 of each year. 3,926,652

State Revolving Fund Loan SW586261 payable, \$443,949 authorized, \$443,949 drawn for planning and design for downtown drainage, payable in 40 equal semiannual installments, including interest at 2.28%, on June 15 and December 15 of each year. 443,949

Primary Government: Water and Sewer:

State Revolving Fund Loan DW590110 payable, \$450,000 authorized, \$448,791 drawn for pre-chlorinated water pipe bursting, payable in 40 semiannual installments, including interest at 2.71% on December 15 and June 15 of each year. 439,044

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

**Note 8 - Notes Payable - Enterprise Funds (Continued)**

State Revolving Fund Loan WW590100 payable, \$2,622,385 authorized, \$2,622,385 drawn for sewer restoration of underground pipe and manhole rehabilitation payable in 40 semiannual installments, including interest at 2.65% on December 15 and June 15 of each year.	\$ 2,566,898
State Revolving Fund Loan WW586250 payable, \$18,991,315 authorized, \$18,991,315 drawn for construction of wastewater pollution control facilities of South Water Resource Center, payable in 40 semiannual installments, including interest at 2.42% on \$18,520,336 and 2.48% on \$982,324, on February 15 and August 15 of each year.	15,613,911
State Revolving Fund Loan CS120586170 payable, \$5,718,200 authorized, \$5,718,200 drawn for construction of wastewater system facilities, payable in 20 equal annual installments, including interest at 3.73% on \$4,791,000 and 2.89% on \$955,000, on December 31 of each year.	759,377
State Revolving Fund Loan CS120586190 payable, \$500,166 authorized, \$500,166 drawn for construction of wastewater pollution control facilities, payable in 40 equal semiannual installments, including interest at 2.43%, on February 1 and August 1 of each year.	76,500
State Revolving Fund Loan CS120586210 payable, \$1,544,029 authorized, \$1,544,029 drawn for construction of the Westerly Interceptor Project, payable in 40 equal semiannual installments, including interest at 2.89%, on February 1 and August 1 of each year.	197,069
State Revolving Fund Loan CS120586220 payable, \$7,015,870 authorized, \$7,015,870 drawn for collection, transmission and treatment facilities, payable in 40 equal semiannual installments, including interest at 1.67%, on October 15 and April 15 of each year.	2,829,937
State Revolving Fund Loan WW590101 payable, \$205,020 authorized, \$205,020 drawn for restoration of underground pipe and manhole rehabilitation, payable in 40 equal semiannual installments, including interest at 2.28%, on June 15 and December 15 of each year.	200,653
State Revolving Fund Loan DW590120 payable, \$3,000,000 authorized, \$939,922 drawn for meter replacements and pre-chlorinated water pipe bursting, payable in 40 equal semiannual installments, including interest at 2.66%, on February 15 and August 15 of each year.	939,922
State Revolving Fund Loan WW590130 payable, \$888,190 authorized, \$163,068 drawn for construction of wastewater transmission, collection, reuse, and treatment facilities, payable in 40 equal semiannual installments, including interest at 2.87%, on April 15 and October 15 of each year.	163,068
State Revolving Fund Loan DW5906010 payable, \$6,599,510 authorized, \$6,599,510 drawn for drinking water extension, payable in 40 equal semiannual installments, including interest at 3.55%, on December 15 and June 15 of each year.	4,065,578
Total notes payable	<u><u>\$ 34,783,002</u></u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

**Note 8 - Notes Payable - Enterprise Funds (Continued)**

Required principal and interest deposits for State Revolving Fund (SRF) loans are presented as part of sinking funds on the statement of net assets. SRF Loan payments for the first years are based upon the full loan amount available, not the monies actually drawn to date. After completion of the project, a final loan dollar amount is established and a final loan payment/amortization schedule is established. Maturity schedules for those loans which have final loan payment/amortization schedules are as follows (loans DW590110, WW590101, SW586260, and SW586261 are not closed out and do not have a final loan payment/amortization schedule at September 30, 2011):

Fiscal Year Ending September 30,	SRF Loan CS120586170		
	Principal	Interest	Total
2012	\$ 372,969	\$ 27,368	\$ 400,337
2013	386,408	13,928	400,336
	<u>\$ 759,377</u>	<u>\$ 41,296</u>	<u>\$ 800,673</u>

Fiscal Year Ending September 30,	SRF Loan CS120586190		
	Principal	Interest	Total
2012	\$ 30,047	\$ 1,677	\$ 31,724
2013	30,781	943	31,724
2014	15,672	190	15,862
	<u>\$ 76,500</u>	<u>\$ 2,810</u>	<u>\$ 79,310</u>

Fiscal Year Ending September 30,	SRF Loan CS120586210		
	Principal	Interest	Total
2012	\$ 97,121	\$ 4,999	\$ 102,120
2013	99,948	2,171	102,119
	<u>\$ 197,069</u>	<u>\$ 7,170</u>	<u>\$ 204,239</u>

Fiscal Year Ending September 30,	SRF Loan CS120586220		
	Principal	Interest	Total
2012	\$ 205,566	\$ 92,818	\$ 298,384
2013	212,489	85,895	298,384
2014	219,646	78,738	298,384
2015	227,043	71,341	298,384
2016	234,690	63,694	298,384
2017-2021	1,297,470	194,449	1,491,919
2022-2023	433,033	14,541	447,574
	<u>\$ 2,829,937</u>	<u>\$ 601,476</u>	<u>\$ 3,431,413</u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

**Note 8 - Notes Payable - Enterprise Funds (Continued)**

Fiscal Year Ending September 30,	SRF Loan DW590601		
	Principal	Interest	Total
2012	\$ 291,915	\$ 141,760	\$ 433,675
2013	302,370	131,305	433,675
2014	313,199	120,476	433,675
2015	324,416	109,259	433,675
2016	336,035	97,640	433,675
2017-2021	1,869,559	298,815	2,168,374
2022	628,084	22,428	650,512
	<u>\$ 4,065,578</u>	<u>\$ 921,683</u>	<u>\$ 4,987,261</u>
Fiscal Year Ending September 30,	SRF Loan WW586250		
	Principal	Interest	Total
2012	\$ 840,617	\$ 374,383	\$ 1,215,000
2013	861,170	353,830	1,215,000
2014	882,225	332,775	1,215,000
2015	903,796	311,204	1,215,000
2016	925,894	289,106	1,215,000
2017-2021	4,980,319	1,094,683	6,075,002
2022-2026	5,619,684	455,318	6,075,002
2027	600,206	7,297	607,503
	<u>\$ 15,613,911</u>	<u>\$ 3,218,596</u>	<u>\$ 18,832,507</u>
Fiscal Year Ending September 30,	SRF SWG12058624P		
	Principal	Interest	Total
2012	\$ 198,699	\$ 105,879	\$ 304,578
2013	204,158	100,419	304,577
2014	209,768	94,809	304,577
2015	215,532	89,045	304,577
2016	221,455	83,122	304,577
2017-2021	1,202,001	320,882	1,522,883
2022-2026	1,376,594	146,289	1,522,883
2027	298,445	6,130	304,575
	<u>\$ 3,926,652</u>	<u>\$ 946,575</u>	<u>\$ 4,873,227</u>
Fiscal Year Ended September 30,	SRF Loan WW590100		
	Principal	Interest	Total
2012	\$ 102,064	\$ 67,351	\$ 169,415
2013	104,786	64,629	169,415
2014	107,581	61,834	169,415
2015	110,451	58,964	169,415
2016	113,398	56,017	169,415
2017-2021	614,009	233,064	847,073
2022-2026	700,391	146,682	847,073
2027-2031	714,218	48,147	762,365
	<u>\$ 2,566,898</u>	<u>\$ 736,688</u>	<u>\$ 3,303,586</u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

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

Airport Authority notes payable at September 30, 2011 are as follows:

Note payable to bank, due in monthly principal and interest payments at 1.29%, collateralized by pledged revenues, due September 1, 2023.	\$ 2,473,526
Note payable to bank, due in monthly principal and interest payments at 5.35%, collateralized by pledged revenues, due September 1, 2019.	1,738,102
Construction note payable – bank, collateralized by pledged revenues; interest only at Wall Street Journal PRIE with a floor of 4.75% (5.67% at September 30, 2011) during construction; converts to a five year fixed rate; principal and interest payable monthly through 2041.	2,451,387
Note payable to State of Florida Department of Transportation for land acquisition for 9L-27R runway extension, no interest, due December 15, 2011, unsecured.	266,490
Note payable to State of Florida Department of Transportation for land acquisition for 9L-27R runway extension, no interest, due January 15, 2012, unsecured.	250,000
Note payable to State of Florida Department of Transportation for land acquisition for 9L-27R runway extension, no interest, due January 15, 2012, unsecured.	<u>714,927</u>
Less current portion	(1,076,081)
Long-term portion	<u><u>\$ 6,818,351</u></u>

Changes in Airport Authority long-term liabilities for the year ended September 30, 2011 are as follows:

	<u>Balance October 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance September 30, 2011</u>	<u>Amounts Due Within One Year</u>
<b>Notes Payable:</b>					
Revenue Note, Series 2001A	\$ 1,947,741	\$ -	\$ 1,947,741	\$ -	\$ -
Revenue Note, Series 2003	2,623,841	-	150,315	2,473,526	157,178
Revenue Note, Series 2011A	-	1,817,939	79,837	1,738,102	330,219
Construction Note	1,433,915	1,066,085	48,613	2,451,387	72,194
Florida Department of Transportation	<u>516,490</u>	<u>714,927</u>	<u>-</u>	<u>1,231,417</u>	<u>516,490</u>
<b>Total Long-Term Liabilities</b>	<u><u>\$ 6,521,987</u></u>	<u><u>\$ 3,598,951</u></u>	<u><u>\$ 2,226,506</u></u>	<u><u>\$ 7,894,432</u></u>	<u><u>\$ 1,076,081</u></u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

**Note 9 - Discretely Presented Component Unit - Airport Authority Long-Term Liabilities (Continued)**

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

Year Ending September 30,	Principal	Interest
2012	\$ 1,076,081	\$ 333,222
2013	589,716	303,097
2014	621,139	271,675
2015	654,244	238,569
2016	584,632	204,384
2017-2021	2,346,489	756,563
2022-2026	1,227,717	355,085
2027-2031	794,414	130,376
	<u>\$ 7,894,432</u>	<u>\$ 2,592,971</u>

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

**A. Changes in Long-Term Liabilities - Sanford CRA**

Changes in long-term debt for the Sanford CRA for the year ended September 30, 2011 are summarized as follows:

	Balance October 1, 2010	Additions	Reductions	Balance September 30, 2011	Due Within One Year
Revenue bonds payable	\$ 2,020,000	\$ -	\$ (920,000)	\$ 1,100,000	\$ 1,100,000
CRA bank loan	1,036,345	-	(192,269)	844,076	205,000
Long-term liabilities	<u>\$ 3,056,345</u>	<u>\$ -</u>	<u>\$ (1,112,269)</u>	<u>\$ 1,944,076</u>	<u>\$ 1,305,000</u>

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

**B. Revenue Bonds Payable**

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

The Series 1994A Bonds were paid in full as of September 30, 2011. The Series 1994B Bonds are comprised of a single-term bond and bear interest at 9% with a maturity date of December 1, 2011, of which such payment is due only to the extent that the City has adequate, legally available pledged revenues available to make the bond principal payment.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

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

**B. Revenue Bonds Payable (Continued)**

Fiscal Year Ending September 30,	Series 1994B		Total
	Principal	Interest	
2012	1,100,000	8,250	1,108,250
	<u>\$ 1,100,000</u>	<u>\$ 8,250</u>	<u>\$ 1,108,250</u>

**C. Community Redevelopment Agency Loan**

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

Community Redevelopment Agency Loan:	
Loan principal payable	\$ 855,000
Less: Loan issue costs	<u>(10,924)</u>
Net loan payable	<u>\$ 844,076</u>

The CRA Loan will mature as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2012	\$ 205,000	\$ 29,839	\$ 234,839
2013	210,000	22,685	232,685
2014	215,000	15,356	230,356
2015	225,000	7,853	232,853
	<u>\$ 855,000</u>	<u>\$ 75,733</u>	<u>\$ 930,733</u>

**Note 11 - Line of Credit**

**City of Sanford** - The City has available a line of credit up to \$546,500 with a financial institution in relation to the Stormwater Revenue Bonds, Series 1998. The City has not borrowed anything on this line of credit as of September 30, 2011.

**Airport Authority** - The Airport Authority entered into a line of credit agreement for \$1,000,000 with a financial institution in February 2010. This line of credit is secured by a pledge of substantially all Customer Facility Charges and bears interest at 4.75%. There were no outstanding borrowings under this line of credit at September 30, 2011. Subsequent to September 30, 2011, the Authority had outstanding borrowings of approximately \$750,000 against the line of credit. The note contains various restrictive financial covenants, including the maintenance of certain liquidity ratios. All covenants have been met through September 30, 2011.

The Airport Authority also has available a line of credit up to \$425,000, at prime rate, with Orlando Sanford Domestic, Inc. under the management agreement discussed in Note 19E. The Airport Authority has not borrowed anything on this line of credit.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

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

**Swap Payments and Associated Debt**

**Revenue Note, Series 2003:** Using interest rates as of September 30, 2011, debt service requirements of the variable rate debt and net swap payments, assuming current interest rates remain the same for their term, are as follows. As rates vary, variable rate note interest payments and net swap payments will vary.

<b>Calendar Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Interest Rate Swap, Net</b>	<b>Total</b>
2012	\$ 157,178	\$ 111,263	\$ 77,134	\$ 345,575
2013	164,999	103,442	71,640	340,081
2014	172,879	95,562	65,883	334,324
2015	181,134	87,307	59,851	328,292
2016	189,559	78,882	53,539	321,980
2017-2021	1,093,659	248,546	161,829	1,504,034
2022-2023	514,118	22,764	14,672	551,554
	<u>\$ 2,473,526</u>	<u>\$ 747,766</u>	<u>\$ 504,548</u>	<u>\$ 3,725,840</u>

**Pay Fixed, Receive-Variable Interest Rate Swap**

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

**Fair value, and classification:** Because interest rates have declined, the 2003 Swap had a negative fair value as of September 30, 2011. The fair value decreased by \$2,360 from the September 30, 2010 amount. The fair values for each period were obtained from the swap counterparty, Bank of America Merrill Lynch. In accordance with GASB Statement No. 53, *Accounting and Reporting for Derivative Instruments*, the fair value is reflected as a liability in the long-term section on the balance sheet with a corresponding outflow in deferrals. The fair value of the deferred outflows in connection with the swap was \$372,148 and \$369,788 for the years ended September 30, 2011 and 2010, respectively.

**Terms and risk:** The notional amount of the swap matches the principal amount of the associated debt. The Authority's swap agreement contains scheduled reductions to the outstanding notional amount that approximates scheduled or anticipated reductions in the outstanding principal amount from debt repayment. The terms, fair value and credit rating of the outstanding swap as of September 30, 2011 is as follows:

<b>Associated Note Issue</b>	<b>Notional Amount</b>	<b>Effective Date</b>	<b>Fixed Rate Paid</b>	<b>Variable Rate Received</b>	<b>Sept. 30, 2011 Fair Value</b>	<b>Swap Termination Date</b>	<b>Counterparty Credit Rating</b>
2003	\$2,473,526	9/1/03	4.62%	LIBOR*	\$ (372,148)	Sep. 2023	A+/A-1

\*London Interbank Offered Rate

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

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

**Credit risk:** As of September 30, 2011, the Authority was not exposed to credit risk because the pay-fixed, receive-variable swap had a negative fair value. Should interest rates change and the fair value of the swap become positive, the Authority would be exposed to credit risk in the amount of the derivatives' fair value.

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

**Note 13 - Operating Leases**

**A. Long-Term Ground Leases**

The City is the lessor on numerous building and land leases. The land leases are generally noncancelable leases ranging from ten to seventy-five (10 - 75) years. The land lease rental income, which comprises the largest amount of rental income for the City, is based on gross revenue of the leases. The building leases are low-rent agreements, usually with nonprofit agencies offering public services. In fiscal year 2011, the total lease rental income received in the General Fund and the Enterprise Funds was \$147,955 and \$97,236, respectively.

**B. Long-Term Airport Lease**

Starting in year 2009, the City entered into a lease agreement with the Sanford Airport Authority (lessee) for the control and operations of the Airport. Payments are not required under the terms of the lease. The City grants the lessee the exclusive right and jurisdiction to occupy, operate, control, maintain, and use the airport for a term of fifty (50) years.

**C. Airport Authority Operating Leases**

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

Year Ending September 30,	Amount
2012	\$ 3,995,954
2013	3,074,866
2014	2,360,267
2015	2,201,317
2016	2,141,405
Thereafter	25,438,479
Total	<u>\$ 39,212,288</u>

The following is a schedule of property under operating leases at September 30, 2011:

Building and improvements	\$ 73,487,837
Accumulated depreciation	<u>(31,556,482)</u>
Net property	<u>\$ 41,931,355</u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

**Note 14 - Capital Leases**

On October 8, 2007 and further amended on November 8, 2008, the City entered into a lease agreement with a local bank to finance the acquisition of a Voice Over Internet Protocol (VOIP) phone system. The agreement has a 5-year fixed term at 4.4% and calls for monthly payments of \$6,293. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The aggregate cost and accumulated depreciation of the governmental activities asset acquired through the capital lease are \$335,598 and \$146,128, respectively, as of September 30, 2011.

On June 1, 2010, the City entered into a lease agreement with a local finance company to finance the acquisition of a 100 foot Aerial Fire Pumper. The agreement has a 5-year fixed term at 2.68% and calls for quarterly payments of \$31,291. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The aggregate cost and accumulated depreciation of the governmental activities asset acquired through the capital lease are \$630,979 and \$45,889, respectively, as of September 30, 2011.

Year Ending September 30,	Amount
2012	\$ 200,673
2013	125,163
2014	125,163
2015	93,873
Total minimum lease payments	544,872
Less: Amount representing interest costs	(26,112)
Present value of minimum lease payments	\$ 518,760

**Note 15 - Interfund Accounts and Transfers**

Individual fund interfund receivables and payables at September 30, 2011 consist of the following:

Fund	Due From Other Funds	Due To Other Funds
General	\$ 960,270	\$ 603,000
NonMajor Funds:		
NSP	-	20,770
CDBG	-	131,732
Police Education	-	2,488
LIHEAP	-	207,222
Second Gen Sales Tax	-	366,460
Youthbuild	-	120,256
ARRA	-	111,342
Water Utility	603,000	-
	\$ 1,563,270	\$ 1,563,270

The interfund receivable and payable of \$603,000 represents a loan from the Water and Sewer Fund to the General Fund to finance the purchase of land. The purchase and the advance were approved by the City Commission on December 12, 2005.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

**Note 15 - Interfund Accounts and Transfers (Continued)**

Interfund Transfers:

	Transfers In	Transfers Out
General	\$ 2,255,050	\$ 3,077,091
Other Governmental	3,060,194	2,024,215
Stormwater	35,112	-
Water/Sewer Fund	-	249,050
	\$ 5,350,356	\$ 5,350,356

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

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

**A. Florida Retirement System**

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

FRS members are eligible for retirement after vesting, which occurs at six (6) years of creditable service for regular members enrolled prior to July 1, 2011 and eight (8) years of creditable service if enrolled on or after July 1, 2011. Normal retirement age is attained at the earlier of thirty (30) or (33) years of creditable service, regardless of age, or retirement at age sixty-two (62) or (65) with at least ten (6) or (8) years of creditable service if enrolled prior to July 1, 2011 or on or after July 1, 2011 respectively. Early retirement may be taken anytime after vesting; however, there is a five percent (5%) benefit reduction for each year prior to normal retirement age. Members are also eligible for in-line-of-duty or regular disability benefits if permanently disabled and unable to work. Benefits are computed on the basis of age, average final compensation, and service credit.

*Funding Policy*

The FRS has nine (9) classes of membership. Only three (3) classes are applicable to the City's eligible employees. These three (3) classes, with descriptions and contribution rates in effect during the period ended September 30, 2011, are as follows (contribution rates are in agreement with the actuarially determined rates, each including an additional 1.11% health insurance subsidy contribution):

Regular Class - Members not qualifying for other classes (11.21% from 10/01/10 to 9/30/11). Fifteen (15) employees qualified for DROP - Deferred Retirement Option Program (13.62% from 10/01/10 to 9/30/11).

Senior Management Class - Members eligible for this class include the City Manager and Department Heads. The rate is 17.12%.

Special Risk – Members eligible for this class includes the City's Crime Scene Technicians, and the Evidence Technician. The rate is 23.25%.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

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

The contribution requirements of the City are established and may be amended by FRS. The plan became contributory for employees as of July 1, 2011, with passage of SB2100 during the 2011 legislation with a contribution of 3%. The City's contributions to FRS for the years ended September 30, 2011, 2010 and 2009 were \$1,172,310, \$1,293,400, and \$1,354,887, respectively, and equal the required contributions for each year. The Airport Authority's contributions to FRS for the years ended September 30, 2011, 2010 and 2009 were \$488,938, \$539,282, and \$488,000, respectively, and equal the required contributions for each year.

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

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

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

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

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

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

(2) Contributions - The City's funding policy provides for actuarially determined periodic contributions to the plans. The required contributions include normal costs (after deducting expected employee contributions, if applicable) and the amount of the additional unfunded obligations, amortized over thirty (30) years, created due to increases in plan benefits. Employer contribution rates are determined using the entry age normal actuarial cost method. The City contributed \$1,412,564 and \$1,056,017 to the Police Officers' and Firefighters' Retirement Systems, respectively, during the year ended September 30, 2011. The police officers are required to contribute 5.1% of their gross compensation and the firefighters are required to contribute seven (7%) of their base pay compensation (an additional five percent (5%) is paid by the City) for the fire and police employees, and if the employee terminates prior to vesting, this amount is returned to the employee. Both of the plans also receive contributions from the state for insurance premium refunds. The state contributions are not based on covered payroll. The City is required to contribute the remaining amount necessary to pay the annual normal cost plus an amount sufficient to fund any unfunded accrued liability over twenty-three (23) years for police officers and twenty-seven (27) years for firefighters. Funding policy was established and may be amended by City Ordinances.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

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

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

(3) Plan Membership - At September 30, 2011, membership of each plan consisted of the following:

	Police Officers	Firefighters
Retirees and beneficiaries receiving benefits	48	41
Terminated employees entitled to benefits but not yet receiving them	13	1
Active plan members	115	75
Total	176	117

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

Police Officers' Plan				
Fiscal Year Ended September 30,	Annual Pension Cost	Employer Contributions	Percent Contributed	Net Pension Obligation
2007	\$ 921,662	\$ 1,081,424	117.33%	\$ -
2008	910,820	756,363	83.04%	154,457
2009	1,084,492	1,238,949	114.24%	(154,457)
2010	1,334,411	1,334,411	100.00%	-
2011	1,394,059	1,394,059	100.00%	-
Firefighters' Plan				
Fiscal Year Ended September 30,	Annual Pension Cost	Employer Contributions	Percent Contributed	Net Pension Asset
2007	\$ 527,095	\$ 528,079	100.19%	\$ (32,439)
2008	612,347	611,991	99.94%	(32,083)
2009	729,051	728,699	99.95%	(31,731)
2010	930,610	929,583	99.89%	(30,704)
2011	1,042,656	1,042,656	100.00%	(29,683)

The Police Officers' net pension obligation at September 30, 2011, was comprised of the following components:

Annual required contributions	\$ 1,394,059
Annual pension cost	1,394,059
Fiscal 2011 employer contributions	1,394,059
Decrease in net pension obligation	-
Net pension obligation beginning of year	-
Net pension obligation end of year	\$ -

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

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

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

The Firefighters' net pension asset at September 30, 2011, totaled \$29,683. It was comprised of the following components:

Annual required contributions	\$ 1,042,656
Interest on the net pension asset	(2,456)
Adjustment to annual contribution	3,477
Annual pension cost	<u>1,043,677</u>
Fiscal 2011 employer contributions	<u>1,042,656</u>
Decrease in net pension asset	1,021
Net pension asset beginning of year	<u>(30,704)</u>
Net pension asset end of year	<u><u>\$ (29,683)</u></u>

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

(6) The funded status and funding progress of the plans as of September 30, 2011, were as follows:

Police Officers' Plan:

Actuarial accrued liability (AAL)	\$ 37,487,673
Actuarial value of plan assets	<u>26,199,271</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 11,288,402</u>
Funded ratio (actuarial value of plan assets/AAL)	69.89%
Covered payroll (active plan members)	\$ 5,438,870
UAAL as a percentage of covered payroll	207.55%

Firefighters' Plan:

Actuarial accrued liability (AAL)	\$ 26,714,715
Actuarial value of plan assets	<u>17,588,218</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 9,126,497</u>
Funded ratio (actuarial value of plan assets/AAL)	65.84%
Covered payroll (active plan members)	\$ 3,936,215
UAAL as a percentage of covered payroll	231.86%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

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

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

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

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

**Pension Trust Fund Financial Statements**

Financial statements for the Police Officers' Retirement System and Firefighters' Retirement System at September 30, 2011 and for the year then ended are as follows:

	Police Officers' Retirement System	Firefighters' Retirement System	Total
Assets			
Investments, at fair value:			
Cash and receivables	\$ 48,834	\$ 5	\$ 48,839
Receivables	197	-	197
Prepaid Expenditures	2,614	4,314	6,928
Money market funds	1,091,679	15,248,364	16,340,043
Equity securities, individual stocks, and mutual funds	16,509,497	1,724,811	18,234,308
Mutual funds investing in corporate and U.S. Treasury bonds	6,508,432	-	6,508,432
Total investments	24,161,253	16,977,494	41,138,747
Total assets	24,161,253	16,977,494	41,138,747
Liabilities			
Accounts payable	35,285	3,198	38,483
Total liabilities	35,285	3,198	38,483
Net assets			
Held in trust for pension benefits	\$ 24,125,968	\$ 16,974,296	\$ 41,100,264

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

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

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

**Pension Trust Fund Financial Statements (Continued)**

	Police Officers' Retirement System	Firefighters' Retirement System	Total
Additions:			
Contributions:			
Employer	\$ 1,684,906	\$ 1,328,880	\$ 3,013,786
Plan members and others	294,601	292,256	586,857
Total contributions	<u>1,979,507</u>	<u>1,621,136</u>	<u>3,600,643</u>
Investment earnings:			
Net increase/(decrease) in fair value of investments	(700,835)	84,077	(616,758)
Dividends	268,614	118,464	387,078
Interest	231,124	5	231,129
Total investment earnings	<u>(201,097)</u>	<u>202,546</u>	<u>1,449</u>
Less investment expenses	173,797	87,889	261,686
Net investment earnings	<u>(374,894)</u>	<u>114,657</u>	<u>(260,237)</u>
Miscellaneous income	2,775	28,181	30,956
Total additions	<u>1,607,388</u>	<u>1,763,974</u>	<u>3,371,362</u>
Deductions:			
Benefits	1,571,906	1,250,052	2,821,958
Refund of contributions	73,120	35,034	108,154
Other services and charges	44,797	44,327	89,124
Total deductions	<u>1,689,823</u>	<u>1,329,413</u>	<u>3,019,236</u>
Change in assets	(82,435)	434,561	352,126
Total net assets - beginning	<u>24,208,403</u>	<u>16,539,735</u>	<u>40,748,138</u>
Total net assets - ending	<u>\$ 24,125,968</u>	<u>\$ 16,974,296</u>	<u>\$ 41,100,264</u>

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

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

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

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

**C. Post Employment Benefits Other Than Pensions (Continued)**

The City has chosen pay-as-you-go funding, but is recording the liability in the government-wide financial statements. For the year ended September 30, 2011, 60 retirees were receiving health insurance and 132 were receiving life insurance benefits. The nature of the plan is such that no formal trust fund exists. The self-insurance plan pays premiums to an insurance company that maintains no assets or liabilities in the name of the City or on the City's behalf. This plan does not issue stand-alone financial statements.

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

The annual required contribution and Net OPEB Obligation for the fiscal year ended September 30, 2011 is as follows:

Annual Required contribution	\$ 1,179,335
Interest on net OPEB Obligation	10,451
Adjustment to annual required contribution	<u>(9,599)</u>
Annual OPEB Cost	1,180,187
Employer Contributions	<u>(739,782)</u>
Increase in Net OPEB Obligation	440,405
Net OPEB Obligation (beginning of year)	<u>261,286</u>
Net OPEB Obligation (end of year)	<u><u>\$ 701,691</u></u>

The city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2009, 2010, and 2011 are shown below.

Year Ended September 30,	Annual Required Contribution	City Contribution	Percentage Contributed	Net Obligation
2011	\$ 1,180,187	\$ 739,782	62.68%	\$ 701,691
2010	729,717	677,899	92.90%	261,286
2009	721,338	511,870	70.96%	209,468

The Required Supplementary Information immediately following the notes to the financial statements presents the Schedule of Funding Progress for the plan. This information is helpful in determining whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

Summary of Actuarial Methods & Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

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

**C. Post Employment Benefits Other Than Pensions (Continued)**

progress, presented as required supplementary information following the notes to the financial statements, normally presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

**Actuarial Cost Method:**

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

**Amortization Method:** Level % of pay over thirty years based on an open group.

**Decrements:**

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

**Disability:** None assumed.

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

**Retirement:** Retirement was assumed to occur as follows:

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

**All others:** If enrolled prior to July 1, 2011:  
Age 62 with at least six years of service  
Any age with at least 30 years of service  
If enrolled on or after July 1, 2011:  
Age 65 with at least six years of service  
Any age with at least 33 years of service

**Investment Return (Discount Rate):**

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

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

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

**Retiree contributions:**

Retirees hired after October 1, 2002 and electing post-employment healthcare coverage have been assumed to make monthly contributions equal to the premium charged to active employees plus the amount paid by the City for active employees. Retirees hired prior to October 1, 2002 and retiring after September 30, 1991 with at least 25 years of City service are assumed to pay the same amount that current employees pay. Retirees retiring before October 1, 1991 with at least 25 years of service

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

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

**C. Post Employment Benefits Other Than Pensions (Continued)**

do not contribute to the cost of their health insurance. Contribution rates are set by the City during the yearly budget process.

**Cost of Living Increases:**

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

**Future Participation Rates:**

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

**COBRA Assumption:**

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

**Summary of Benefits:**

**Other Post-Employment Benefits (OPEBs)**

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

**Eligible Individuals:**

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

**Note 17 - Deferred Compensation Plan**

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

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

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

**Note 18 - Risk Management**

Primary Government

The City accounts for its risk management activities in an internal service fund that includes self-insurance programs for workers' compensation, general liability, property, auto, and employee healthcare. The City has made the decision to retain up to \$200,000 per incident relating to workers' compensation. Coverage in excess of \$200,000 per incident for workers' compensation has been purchased from an outside carrier. All other liability and property damage insurance is obtained through insurance carriers with a \$25,000 deductible for general liability claims per occurrence and an aggregate stop loss that varies by line-of-coverage for all types of claims for fiscal year 2011. Employee healthcare exposure is subject to aggregate maximum limitations. There have been no significant reductions in insurance coverage from the prior year. No settlements have exceeded the City's insurance coverage for each of the past four (4) fiscal years.

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

The changes in the City's claims liability during the years ended September 30, 2010 and 2011 were as follows:

	Balance at Fiscal Year Beginning	Current Year Claims and Changes in Estimates	Current Year Claim Payments	Balance at Fiscal Year End
2009 - 2010	\$ 2,606,225	\$ 365,692	\$ (976,242)	\$ 1,995,675
2010 - 2011	1,995,675	4,621,493	(4,490,700)	2,126,468

Airport Authority

The Airport Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Airport Authority carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past four (4) years.

**Note 19 - Commitments and Contingencies**

Primary Government

- A. Various lawsuits and claims arising in the ordinary course of the City's operations are pending against the City. While the ultimate effect of such litigation cannot be ascertained at this time, management believes, based on the advice of legal counsel, that there will be no material effect on the City's financial position and/or that the City has sufficient insurance coverage to cover any claims.
- B. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. If any expenditures are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the City. In the opinion of management, any such adjustments would not be significant.
- C. The City has various construction contracts outstanding in the Governmental Funds and Enterprise Funds, commitments of which amount to \$3,576,292 at September 30, 2011.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

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**Note 19 - Commitments and Contingencies (*Continued*)**

Airport Authority

- D. During the ordinary course of its operations, the Airport Authority is a party of various claims, legal actions, and complaints. Although the outcome of one of these lawsuits cannot presently be determined, in the opinion of the Airport Authority's management and legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Airport Authority.
  
- E. During the year ended September 30, 2001, the Domestic Terminal project was completed. In concert with the design and construction of the domestic terminal expansion, the Airport Authority entered into a Memorandum of Understanding with TBI, plc to negotiate a thirty-year (30) management contract for the domestic terminal in exchange for their private sector investment in the project of \$7,500,000. TBI, plc's United States Corporation, known as Orlando Sanford Domestic, Inc. (OSD), will manage all operations involving the domestic terminal. The contractual agreement provides for five (5) fixed annual, lump-sum payments to the Airport Authority, as well as additional minimum operation payments to the Airport Authority for years one through thirty (1 - 30) in exchange for the revenues generated by the operation of the domestic terminal. The Airport Authority will also participate in a percentage of gross revenues generated from the operation of the domestic terminal should those amounts exceed the agreed-upon revenue thresholds. Additionally, many expenses and liabilities associated with the operation of the domestic terminal will be removed from the Airport Authority and transferred to OSD.
  
- F. At the end of fiscal year September 30, 2011, the Airport Authority had entered into construction contracts in the amount of \$1,608,000.
  
- G. The Airport Authority receives a significant amount of other revenue under several federal and state grant programs. These programs are subject to compliance audits, as required by the federal government and the State of Florida. The amount, if any, of expenditures, which may be disallowed, cannot be determined at this time.
  
- H. The Airport Authority has identified several sites that have environmental issues on airport property. The State of Florida and the United States Navy are responsible for cleaning up the majority of these sites. At this time, the Airport Authority is unable to determine the cost and its responsibility in the clean-up of these sites. The Airport Authority has pursued all possible remedies to mitigate any contamination and, as of September 30, 2011, the Authority has no known sites requiring mitigation. The Authority does have an ongoing obligation to monitor and test each site.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

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

The elements of this calculation are as follows:

	Governmental Activities	Business-type Activities
Capital assets (Net)		
Non depreciable	\$ 6,640,171	\$ 11,233,795
Depreciable, net	112,602,334	147,542,988
	119,242,505	158,776,783
Debt related to capital assets		
Lease	518,760	-
Bonds and loans	16,155,000	52,264,659
	16,673,760	52,264,659
Subtotal	102,568,745	106,512,124
Amount unspent on 2010 note	-	1,000,000
Invested in capital assets	\$ 102,568,745	\$107,512,124

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

**Note 21 - Component Unit - Sanford CRA**

Condensed financial statement information related to the Sanford CRA as of and for the year ended September 30, 2011 is as follows:

	General	Debt Service	Total	Adjustments	Statement of Net Assets
<b>Condensed Balance Sheet:</b>					
Cash and cash equivalents	\$ 183,473	\$ -	\$ 183,473	\$ -	\$ 183,473
Investments	1,000,000	-	1,000,000	-	1,000,000
Accounts receivable (net)	33	-	33	-	33
Due from other governments	6,811	-	6,811	-	6,811
Prepaid items and other assets	1,688	-	1,688	-	1,688
Capital assets:					
Nondepreciable	-	-	-	289,908	289,908
Depreciable, net	-	-	-	6,906,762	6,906,762
Total Assets and Other Debits	<u>\$ 1,192,005</u>	<u>\$ -</u>	<u>\$ 1,192,005</u>	<u>\$ 7,196,670</u>	<u>\$ 8,388,675</u>
Accounts payable	\$ 84,671	\$ -	\$ 84,671	\$ -	\$ 84,671
Accrued liabilities	3,488	-	3,488	2,371	5,859
Retainage payable	24,602	-	24,602	-	24,602
Bonds payable	-	-	-	1,100,000	1,100,000
Loans payable	-	-	-	844,076	844,076
Fund balance/invested in capital assets, net of related debt	-	-	-	5,252,594	5,252,594
Net assets - unrestricted	<u>1,079,244</u>	<u>-</u>	<u>1,079,244</u>	<u>(2,371)</u>	<u>1,076,873</u>
Total Liabilities and Fund Balances	<u>\$ 1,192,005</u>	<u>\$ -</u>	<u>\$ 1,192,005</u>	<u>\$ 7,196,670</u>	<u>\$ 8,388,675</u>
<b>Condensed Revenues, Expenditures and Changes in Fund Balances:</b>					
Revenues:					
Taxes	\$ 1,531,278	\$ -	\$ 1,531,278	\$ -	\$ 1,531,278
Interest	15,247	-	15,247	-	15,247
Contributions	568,012	-	568,012	-	568,012
Total revenues	<u>2,114,537</u>	<u>-</u>	<u>2,114,537</u>	<u>-</u>	<u>2,114,537</u>
Expenditures/Expenses:					
Transportation	-	-	-	403,404	403,404
Economic environment	1,141,193	-	1,141,193	(532,291)	608,902
Principal retirement	-	1,115,000	1,115,000	(1,115,000)	-
Interest and other fiscal charges	-	91,716	91,716	(18,840)	72,876
Total expenditures	<u>1,141,193</u>	<u>1,206,716</u>	<u>2,347,909</u>	<u>(1,262,727)</u>	<u>1,085,182</u>
Excess (deficiency) of revenues over (under) expenditures	<u>973,344</u>	<u>(1,206,716)</u>	<u>(233,372)</u>	<u>1,262,727</u>	<u>1,029,355</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	1,206,716	1,206,716	-	1,206,716
Transfers (out)	(1,206,716)	-	(1,206,716)	-	(1,206,716)
Total other financing sources (uses)	<u>(1,206,716)</u>	<u>1,206,716</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(233,372)	-	(233,372)	1,262,727	1,029,355
<b>Fund balance</b>					
Beginning of year	1,312,616	-	1,312,616	3,987,496	5,300,112
End of year	<u>\$ 1,079,244</u>	<u>\$ -</u>	<u>\$ 1,079,244</u>	<u>\$ 5,250,223</u>	<u>\$ 6,329,467</u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements, Year Ended September 30, 2011**

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**Note 22 – Subsequent Events**

As mentioned in Note 10, the Series 1994B Bonds are comprised of a single-term bond and bear interest at 9% with a maturity date of December 1, 2011, of which such payment is due only to the extent that the City has adequate, legally available pledged revenues available to make the bond principal payment. The City exercised this right and did not pay the bonds that were due December 1, 2011.

# **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF SANFORD, FLORIDA**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual**  
For The Year Ended September 30, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>Revenues</b>				
Taxes:				
Property taxes	\$ 15,194,806	\$ 15,194,806	\$ 15,502,491	\$ 307,685
Utility taxes	7,051,700	7,051,700	7,131,904	80,204
Business taxes	602,700	602,700	607,717	5,017
Permits and fees	5,038,000	5,038,000	4,853,297	(184,703)
Intergovernmental	4,701,700	4,701,700	5,302,084	600,384
Charges for services	1,673,477	1,697,362	1,963,058	265,696
Investment income	128,266	128,266	139,741	11,475
Fines and forfeits	87,200	87,200	105,586	18,386
Miscellaneous	289,650	549,883	305,710	(244,173)
Total revenues	<u>34,767,499</u>	<u>35,051,617</u>	<u>35,911,588</u>	<u>859,971</u>
<b>Expenditures</b>				
Current:				
General government	3,638,476	3,807,198	3,498,282	308,916
Public safety	19,658,368	19,586,200	18,893,650	692,550
Transportation	883,009	978,594	817,869	160,725
Physical environment	1,926,446	2,212,181	2,148,597	63,584
Economic environment	894,396	894,396	825,472	68,924
Human services	91,330	96,106	77,121	18,985
Culture and recreation	4,183,717	4,183,200	3,969,475	213,725
Capital outlay	-	434,701	439,176	(4,475)
Total expenditures	<u>31,275,742</u>	<u>32,192,576</u>	<u>30,669,642</u>	<u>1,522,934</u>
Excess of revenues over expenditures	<u>3,491,757</u>	<u>2,859,041</u>	<u>5,241,946</u>	<u>2,382,905</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	2,355,050	2,255,050	(100,000)
Transfers out	(2,312,894)	(3,100,428)	(3,077,091)	23,337
Proceeds from sale of property	15,000	15,000	140,727	125,727
Total other financing uses	<u>(2,297,894)</u>	<u>(730,378)</u>	<u>(681,314)</u>	<u>49,064</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	1,193,863	2,128,663	4,560,632	2,431,969
<b>Fund balance</b>				
Beginning of year	-	-	13,301,435	13,301,435
Prior carryforward	763,472	-	-	-
Future carryforward	(1,957,335)	(2,128,663)	-	2,128,663
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,862,067</u>	<u>\$ 17,862,067</u>

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

**CITY OF SANFORD, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
Year Ended September 30, 2011

**Schedule of Funding Progress for**

**Police Officers' Retirement Trust Fund**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age Normal (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/1/2011	\$ 26,199,271	\$ 37,487,673	\$ 11,288,402	69.89%	\$ 5,438,870	207.55%
10/1/2010	26,746,567	36,637,341	9,890,774	73.00%	5,529,328	178.88%
10/1/2009	25,844,720	35,352,545	9,507,825	73.11%	5,911,558	160.83%
10/1/2008	25,895,602	34,365,528	8,469,926	75.35%	6,164,376	137.40%
10/1/2007	24,374,453	30,770,016	6,395,563	79.21%	5,437,435	117.62%
10/1/2006	21,950,941	28,237,042	6,286,101	77.74%	4,587,810	137.02%
10/1/2005	19,833,502	26,454,219	6,620,717	74.97%	4,468,502	148.16%
10/1/2004	19,095,103	24,090,829	4,995,726	79.26%	4,470,513	111.75%
10/1/2003	19,272,243	22,146,557	2,874,314	87.02%	4,167,079	68.98%

**Firefighters' Pension Trust Fund**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age Normal (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/1/2011	\$ 17,588,218	\$ 26,714,715	\$ 9,126,497	65.84%	\$ 3,936,215	231.86%
10/1/2010	17,235,155	25,575,611	8,340,456	67.39%	4,039,032	206.50%
10/1/2009	16,396,113	24,972,871	8,576,758	65.66%	4,101,210	209.13%
10/1/2008	15,686,965	23,037,305	7,350,340	68.09%	3,923,317	187.35%
10/1/2007	15,034,611	21,484,547	6,449,936	69.98%	3,571,946	180.57%
10/1/2006	14,007,003	18,838,018	4,831,015	74.35%	3,075,816	157.06%
10/1/2005	13,209,266	17,624,713	4,415,447	74.95%	2,781,577	158.74%
10/1/2004	12,805,517	16,372,831	3,567,314	78.21%	2,540,193	140.43%
10/1/2003	12,727,078	15,672,231	2,945,153	81.21%	2,466,177	119.42%

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

Year Ended September 30,	Annual Required Contribution	City Contribution	Percentage Contributed	State Contribution
2011	\$ 1,394,059	\$ 1,394,059	100.00%	\$ 176,349 *
2010	1,334,411	1,334,411	100.00%	176,349 *
2009	1,084,492	1,331,300	122.76%	176,349 *
2008	910,820	664,012	72.90%	176,349 *
2007	1,000,384	1,081,424	108.10%	176,349 *
2006	1,000,384	842,611	84.23%	176,349 *
2005	804,865	823,011	102.25%	174,728 *
2004	717,308	717,309	100.00%	163,847 *
2003	627,348	627,453	100.02%	163,847 *

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

Year Ended September 30,	Annual Required Contribution	City Contribution	Percentage Contributed	State Contribution
2011	\$ 1,042,656	\$ 1,042,656	100.00%	\$ 169,201 **
2010	929,582	929,583	100.00%	169,201 **
2009	728,699	728,699	100.00%	169,201 **
2008	611,991	611,991	100.00%	169,201 **
2006	528,079	567,150	107.40%	156,568 **
2005	483,147	444,074	91.91%	156,568 **
2004	408,449	440,254	107.79%	153,653 **
2003	388,876	388,876	100.00%	125,840 **

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

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

**CITY OF SANFORD, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
Year Ended September 30, 2011

**Schedule of Funding Progress for**

**Retiree Continuation Insurance Plan**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age Normal (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/1/2010	\$ -	\$ 18,188,528	\$ 18,188,528	0.00%	\$ 21,674,307	83.92%
10/1/2008	-	14,297,942	14,297,942	0.00%	21,342,868	66.99%

**Schedule of Contributions From the Employer and Other Contributing Entities**

Year Ended September 30,	Annual Required Contribution	City Contribution	Percentage Contributed	Net Obligation
2011	\$ 1,180,187	\$ 739,782	62.68%	\$ 701,691
2010	729,717	677,899	92.90%	261,286
2009	721,338	511,870	70.96%	209,468



## **CITY OF SANFORD, FLORIDA Combining Nonmajor Governmental Funds**

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

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

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

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

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

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

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

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

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

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

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

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

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

**NSP Grant Fund** – To account for grants received by the City that are related to the Neighborhood Stabilization Program Grant.

### **Debt Service Fund**

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

### **Capital Projects Fund**

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

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

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

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

**Public Safety Complex** – To account for bond funds and funds set aside for a combined police/fire complex.



**CITY OF SANFORD, FLORIDA**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
September 30, 2011

	<b>Special Revenue Funds</b>									
	Recreation Impact Fees	Fire Impact Fees	Local Option Gas Tax	Law Enforcement	Police Impact Fees	Second Generation Sales Tax Fund	Building Inspection	Cemetery	LIHEAP	Police Education
<b>Assets</b>										
Cash	\$ -	\$ -	\$ 504,182	\$ 245,800	\$ -	\$ -	\$ 314,042	\$ -	\$ -	\$ -
Investments	417,352	294,833	-	-	423,000	-	-	383,742	-	-
Accounts receivable, net	12	9	14	7	12	-	9	-	256	600
Prepays	-	-	-	-	-	-	115	-	114	6,790
Due from other governments	-	-	74,550	31,962	-	7,111,503	-	-	270,004	845
<b>Total assets</b>	<b>\$ 417,364</b>	<b>\$ 294,842</b>	<b>\$ 578,746</b>	<b>\$ 277,769</b>	<b>\$ 423,012</b>	<b>\$ 7,111,503</b>	<b>\$ 314,166</b>	<b>\$ 383,742</b>	<b>\$ 270,374</b>	<b>\$ 8,235</b>
<b>Liabilities and fund balances</b>										
<b>Liabilities:</b>										
Accounts payable	-	-	111,988	31,776	-	198,076	6,499	3,330	47,760	1,137
Accrued liabilities	-	-	-	17,194	-	-	22,139	-	7,267	-
Retainage payable	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	366,460	-	-	207,222	2,488
Deferred revenue	-	-	-	28,929	-	-	-	-	510	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>111,988</b>	<b>77,899</b>	<b>-</b>	<b>564,536</b>	<b>28,638</b>	<b>3,330</b>	<b>262,759</b>	<b>3,625</b>
<b>Fund balances:</b>										
Nonspendable	-	-	-	-	-	-	115	-	114	6,790
Restricted	417,364	294,842	466,758	157,142	423,012	6,546,967	285,413	-	7,501	(2,180)
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	42,728	-	-	-	380,412	-	-
<b>Total fund balances</b>	<b>417,364</b>	<b>294,842</b>	<b>466,758</b>	<b>199,870</b>	<b>423,012</b>	<b>6,546,967</b>	<b>285,528</b>	<b>380,412</b>	<b>7,615</b>	<b>4,610</b>
<b>Total liabilities and fund balances</b>	<b>\$ 417,364</b>	<b>\$ 294,842</b>	<b>\$ 578,746</b>	<b>\$ 277,769</b>	<b>\$ 423,012</b>	<b>\$ 7,111,503</b>	<b>\$ 314,166</b>	<b>\$ 383,742</b>	<b>\$ 270,374</b>	<b>\$ 8,235</b>

Special Revenue Funds					Debt Service Fund	Capital Projects Funds					Total Nonmajor Governmental Funds
ARRA Grants	CDBG	NSP	Youthbuild	Total	Debt Service	Projects	Recovery	Replacement	Public Safety Complex	Total	Total
\$ -	\$ -	\$ -	\$ -	\$ 1,064,024	\$ 4,206	\$ 655,464	\$ 5,471	\$ 530,722	\$ 631,041	\$ 1,822,698	\$ 2,890,928
-	-	-	-	1,518,927	-	-	-	-	298,861	298,861	1,817,788
-	-	-	-	919	-	124,667	81	-	-	124,748	125,667
-	-	-	-	7,019	-	-	-	-	-	-	7,019
154,882	147,407	20,770	127,213	7,939,136	-	43,284	-	72,860	-	116,144	8,055,280
<u>\$ 154,882</u>	<u>\$ 147,407</u>	<u>\$ 20,770</u>	<u>\$ 127,213</u>	<u>\$ 10,530,025</u>	<u>\$ 4,206</u>	<u>\$ 823,415</u>	<u>\$ 5,552</u>	<u>\$ 603,582</u>	<u>\$ 929,902</u>	<u>\$ 2,362,451</u>	<u>\$ 12,896,682</u>
25,700	15,871	-	2,306	444,443	-	99,062	17	174,128	-	273,207	717,650
14,840	-	-	5,653	67,093	-	-	-	-	-	-	67,093
-	-	-	-	-	-	17,031	-	-	-	17,031	17,031
111,342	131,732	20,770	120,256	960,270	-	-	-	-	-	-	960,270
154,882	147,407	20,770	72,946	425,444	-	43,284	255	72,860	-	116,399	541,843
306,764	295,010	41,540	201,161	1,897,250	-	159,377	272	246,988	-	406,637	2,303,887
-	-	-	-	7,019	-	-	-	-	-	-	7,019
(151,882)	(147,603)	(20,770)	(73,948)	8,202,616	-	-	-	-	-	-	8,202,616
-	-	-	-	-	-	-	5,280	-	-	5,280	5,280
-	-	-	-	423,140	4,206	664,038	-	356,594	929,902	1,950,534	2,377,880
<u>(151,882)</u>	<u>(147,603)</u>	<u>(20,770)</u>	<u>(73,948)</u>	<u>8,632,775</u>	<u>4,206</u>	<u>664,038</u>	<u>5,280</u>	<u>356,594</u>	<u>929,902</u>	<u>1,955,814</u>	<u>10,592,795</u>
<u>\$ 154,882</u>	<u>\$ 147,407</u>	<u>\$ 20,770</u>	<u>\$ 127,213</u>	<u>\$ 10,530,025</u>	<u>\$ 4,206</u>	<u>\$ 823,415</u>	<u>\$ 5,552</u>	<u>\$ 603,582</u>	<u>\$ 929,902</u>	<u>\$ 2,362,451</u>	<u>\$ 12,896,682</u>

**CITY OF SANFORD, FLORIDA**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
For The Year Ended September 30, 2011

	<b>Special Revenue Funds</b>									
	Recreation Impact Fees	Fire Impact Fees	Local Option Gas Tax	Law Enforcement	Police Impact Fees	Second Generation Sales Tax Fund	Premium Tax Trust	Building Inspection	Cemetery	LIHEAP
<b>Revenues</b>										
Intergovernmental revenues	\$ -	\$ -	\$ 872,052	\$ 299,322	\$ -	\$ 1,615,781	\$ 555,671	\$ -	\$ -	\$ 1,266,560
Permits and fees	-	-	-	-	-	-	-	975,400	-	-
Investment income	2,513	1,982	3,452	3,007	2,723	35,833	-	1,461	-	-
Fines and forfeitures	-	-	-	44,071	-	-	-	-	-	-
Service assessments	153,806	113,902	-	-	150,469	-	-	-	-	-
Miscellaneous	-	-	-	12,554	-	-	-	23,005	35,925	-
<b>Total revenues</b>	<b>156,319</b>	<b>115,884</b>	<b>875,504</b>	<b>358,954</b>	<b>153,192</b>	<b>1,651,614</b>	<b>555,671</b>	<b>999,866</b>	<b>35,925</b>	<b>1,266,560</b>
<b>Expenditures</b>										
<b>Current</b>										
General government	-	-	-	-	-	-	-	-	-	1,265,941
Public safety	-	247	-	560,831	354	-	555,671	700,366	-	-
Transportation	-	-	565,869	-	-	577,599	-	-	-	-
Culture and recreation	349	-	-	-	-	-	-	-	91,012	-
Debt service										
Principal	-	-	-	-	-	-	-	-	-	-
Interest and other	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	151,964	201,649	-	1,053,596	-	-	-	-
<b>Total expenditures</b>	<b>349</b>	<b>247</b>	<b>717,833</b>	<b>762,480</b>	<b>354</b>	<b>1,631,195</b>	<b>555,671</b>	<b>700,366</b>	<b>91,012</b>	<b>1,265,941</b>
Excess (deficiency) of revenues over/under expenditures	155,970	115,637	157,671	(403,526)	152,838	20,419	-	299,500	(55,087)	619
<b>Other financing sources (uses)</b>										
Transfers in	-	-	-	-	-	34,492	-	-	-	-
Transfers out	-	(18,215)	-	-	-	-	-	-	-	-
Proceeds from sale of property	-	-	-	4,163	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(18,215)</b>	<b>-</b>	<b>4,163</b>	<b>-</b>	<b>34,492</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues and other financing sources over expenditures and other financial uses	155,970	97,422	157,671	(399,363)	152,838	54,911	-	299,500	(55,087)	619
<b>Fund balances</b>										
Beginning of year	261,394	197,420	309,087	599,233	270,174	6,492,056	-	(13,972)	435,499	6,996
End of year	\$ 417,364	\$ 294,842	\$ 466,758	\$ 199,870	\$ 423,012	\$ 6,546,967	\$ -	\$ 285,528	\$ 380,412	\$ 7,615

Special Revenue Funds						Debt Service Fund			Capital Project Funds			Total Nonmajor Governmental Funds
Police Education	ARRA Grant	CDBG	NSP	Youthbuild	Total	Debt Service	Projects	Recovery	Replacement	Public Safety Complex	Total	Total Nonmajor Governmental Funds
\$ -	\$ 439,005	\$ -	\$ -	\$ 211,372	\$ 5,259,763	\$ -	\$ 624,650	\$ -	\$ -	\$ 889,287	\$ 1,513,937	\$ 6,773,700
-	-	-	-	-	975,400	-	-	-	-	-	-	975,400
22	-	-	-	-	50,993	3,686	4,117	-	2,832	2,323	9,272	63,951
8,479	-	-	-	-	52,550	-	-	-	-	-	-	52,550
-	-	-	-	-	418,177	-	-	5,248	-	-	5,248	423,425
-	-	-	-	-	71,484	-	-	-	-	111	111	71,595
8,501	439,005	-	-	211,372	6,828,367	3,686	628,767	5,248	2,832	891,721	1,528,568	8,360,621
-	53,699	75,849	20,770	228,836	1,645,095	-	549	-	135,860	-	136,409	1,781,504
23,980	362,019	-	-	-	2,203,468	-	-	-	2,390	464,929	467,319	2,670,787
-	-	-	-	-	1,143,468	-	-	-	-	-	-	1,143,468
-	-	-	-	-	91,361	-	-	5	32,515	-	32,520	123,881
-	-	-	-	-	-	821,742	-	-	-	-	-	821,742
-	-	-	-	-	-	727,680	-	-	-	-	-	727,680
-	36,703	-	-	-	1,443,912	-	920,090	-	1,457,041	2,262,304	4,639,435	6,083,347
23,980	452,421	75,849	20,770	228,836	6,527,304	1,549,422	920,639	5	1,627,806	2,727,233	5,275,683	13,352,409
(15,479)	(13,416)	(75,849)	(20,770)	(17,464)	301,063	(1,545,736)	(291,872)	5,243	(1,624,974)	(1,835,512)	(3,747,115)	(4,991,788)
-	-	-	-	-	34,492	1,549,422	530,647	-	945,633	-	1,476,280	3,060,194
-	-	-	-	-	(18,215)	-	-	-	-	(2,006,000)	(2,006,000)	(2,024,215)
-	-	-	-	-	4,163	-	-	-	-	-	-	4,163
-	-	-	-	-	20,440	1,549,422	530,647	-	945,633	(2,006,000)	(529,720)	1,040,142
(15,479)	(13,416)	(75,849)	(20,770)	(17,464)	321,503	3,686	238,775	5,243	(679,341)	(3,841,512)	(4,276,835)	(3,951,646)
20,089	(138,466)	(71,754)	-	(56,484)	8,311,272	520	425,263	37	1,035,935	4,771,414	6,232,649	14,544,441
\$ 4,610	\$ (151,882)	\$ (147,603)	\$ (20,770)	\$ (73,948)	\$ 8,632,775	\$ 4,206	\$ 664,038	\$ 5,280	\$ 356,594	\$ 929,902	\$ 1,955,814	\$ 10,592,795

**CITY OF SANFORD, FLORIDA**  
**Recreation Impact Fees Special Revenue Fund**  
**Budgetary Comparison Schedule**  
For The Year Ended September 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Investment income	\$ 1,700	\$ 1,700	\$ 2,513	\$ 813
Service assessments	100,000	100,000	153,806	53,806
Total revenues	<u>101,700</u>	<u>101,700</u>	<u>156,319</u>	<u>54,619</u>
<b>Expenditures</b>				
Current				
Culture and recreation	-	-	349	(349)
Total expenditures	<u>-</u>	<u>-</u>	<u>349</u>	<u>(349)</u>
Excess of revenues over expenditures	<u>101,700</u>	<u>101,700</u>	<u>155,970</u>	<u>54,270</u>
Net change in fund balance	101,700	101,700	155,970	54,270
<b>Fund balance</b>				
Beginning of year	-	-	261,394	261,394
Future carryforward	<u>(101,700)</u>	<u>(101,700)</u>	<u>-</u>	<u>101,700</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 417,364</u>	<u>\$ 417,364</u>

**CITY OF SANFORD, FLORIDA**  
**Fire Impact Fees Special Revenue Fund**  
**Budgetary Comparison Schedule**  
For The Year Ended September 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Investment income	\$ 2,081	\$ 2,081	\$ 1,982	\$ (99)
Service assessments	<u>56,000</u>	<u>56,000</u>	<u>113,902</u>	<u>57,902</u>
Total revenues	<u>58,081</u>	<u>58,081</u>	<u>115,884</u>	<u>57,803</u>
<b>Expenditures</b>				
Current				
Public safety	<u>-</u>	<u>-</u>	<u>247</u>	<u>(247)</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>247</u>	<u>(247)</u>
Excess of revenues over expenditures	<u>58,081</u>	<u>58,081</u>	<u>115,637</u>	<u>57,556</u>
<b>Other financing uses</b>				
Transfers out	<u>-</u>	<u>42,000</u>	<u>18,215</u>	<u>23,785</u>
Total other financing uses	<u>-</u>	<u>42,000</u>	<u>18,215</u>	<u>23,785</u>
Net change in fund balance	58,081	16,081	97,422	81,341
<b>Fund balance</b>				
Beginning of year	-	-	197,420	197,420
Future carryforward	<u>(58,081)</u>	<u>(16,081)</u>	<u>-</u>	<u>16,081</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 294,842</u>	<u>\$ 294,842</u>

**CITY OF SANFORD, FLORIDA**  
**Local Option Gas Tax Special Revenue Fund**  
**Budgetary Comparison Schedule**  
For The Year Ended September 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental revenue	\$ 869,497	\$ 869,497	\$ 872,052	\$ 2,555
Investment income	1,435	1,435	3,452	2,017
Total revenues	<u>870,932</u>	<u>870,932</u>	<u>875,504</u>	<u>4,572</u>
<b>Expenditures</b>				
Current				
Transportation	636,096	636,096	565,869	70,227
Capital outlay				
Transportation	233,904	233,904	151,964	81,940
Total expenditures	<u>870,000</u>	<u>870,000</u>	<u>717,833</u>	<u>152,167</u>
Excess of revenues over expenditures	<u>932</u>	<u>932</u>	<u>157,671</u>	<u>156,739</u>
Net change in fund balance	932	932	157,671	156,739
<b>Fund balance</b>				
Beginning of year	-	-	309,087	309,087
Future carryforward	<u>(932)</u>	<u>(932)</u>	<u>-</u>	<u>932</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 466,758</u>	<u>\$ 466,758</u>

**CITY OF SANFORD, FLORIDA**  
**Law Enforcement Special Revenue Fund**  
**Budgetary Comparison Schedule**  
For The Year Ended September 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental revenue	\$ 237,389	\$ 266,318	\$ 299,322	\$ 33,004
Investment income	4,332	4,332	3,007	(1,325)
Fines and forfeitures	82,358	82,358	44,071	(38,287)
Miscellaneous	-	-	16,717	16,717
Total revenues	<u>324,079</u>	<u>353,008</u>	<u>363,117</u>	<u>10,109</u>
<b>Expenditures</b>				
Current				
Public safety	479,398	551,186	560,831	(9,645)
Capital outlay				
Public safety	-	206,006	201,649	4,357
Total expenditures	<u>479,398</u>	<u>757,192</u>	<u>762,480</u>	<u>(5,288)</u>
Deficiency of revenues under expenditures	<u>(155,319)</u>	<u>(404,184)</u>	<u>(399,363)</u>	<u>4,821</u>
Net change in fund balance	(155,319)	(404,184)	(399,363)	4,821
<b>Fund balance</b>				
Beginning of year	-	-	599,233	599,233
Prior carryforward	623,702	487,894	-	(487,894)
Future carryforward	<u>(468,383)</u>	<u>(83,710)</u>	<u>-</u>	<u>83,710</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 199,870</u>	<u>\$ 199,870</u>

**CITY OF SANFORD, FLORIDA**  
**Police Impact Fees Special Revenue Fund**  
**Budgetary Comparison Schedule**  
For The Year Ended September 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Investment income	\$ 2,525	\$ 2,525	\$ 2,723	\$ 198
Service assessments	65,000	65,000	150,469	85,469
Total revenues	<u>67,525</u>	<u>67,525</u>	<u>153,192</u>	<u>85,667</u>
<b>Expenditures</b>				
Current				
Public safety	-	-	354	(354)
Total expenditures	<u>-</u>	<u>-</u>	<u>354</u>	<u>(354)</u>
Excess of revenues over expenditures	<u>67,525</u>	<u>67,525</u>	<u>152,838</u>	<u>85,313</u>
Net change in fund balance	67,525	67,525	152,838	85,313
<b>Fund balance</b>				
Beginning of year	-	-	270,174	270,174
Future carryforward	<u>(67,525)</u>	<u>(67,525)</u>	<u>-</u>	<u>67,525</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 423,012</u>	<u>\$ 423,012</u>

**CITY OF SANFORD, FLORIDA**  
**Second Generation Sales Tax Special Revenue Fund**  
**Budgetary Comparison Schedule**  
For The Year Ended September 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 1,494,200	\$ 1,494,200	\$ 1,615,781	\$ 121,581
Investment income	81,779	81,779	35,833	(45,946)
Total revenues	<u>1,575,979</u>	<u>1,575,979</u>	<u>1,651,614</u>	<u>75,635</u>
<b>Expenditures</b>				
Current				
Transportation	385,000	345,300	577,599	(232,299)
Capital				
Transportation	1,265,000	6,004,263	1,053,596	4,950,667
Total expenditures	<u>1,650,000</u>	<u>6,349,563</u>	<u>1,631,195</u>	<u>4,718,368</u>
Excess of revenues over expenditures	<u>(74,021)</u>	<u>(4,773,584)</u>	<u>20,419</u>	<u>4,794,003</u>
<b>Other financing sources</b>				
Transfers in	-	34,492	34,492	-
Total other financing sources	<u>-</u>	<u>34,492</u>	<u>34,492</u>	<u>-</u>
Net change in fund balances	(74,021)	(4,739,092)	54,911	4,794,003
<b>Fund balance</b>				
Beginning of year	-	-	6,492,056	6,492,056
Prior carryforward	<u>74,021</u>	<u>4,739,092</u>	<u>-</u>	<u>(4,739,092)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,546,967</u>	<u>\$ 6,546,967</u>

**CITY OF SANFORD, FLORIDA**  
**Building Inspection Special Revenue Fund**  
**Budgetary Comparison Schedule**  
For The Year Ended September 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Permits and fees	\$ 688,300	\$ 688,300	\$ 975,400	\$ 287,100
Investment income	770	770	1,461	691
Miscellaneous	-	-	23,005	23,005
Total revenues	<u>689,070</u>	<u>689,070</u>	<u>999,866</u>	<u>310,796</u>
<b>Expenditures</b>				
Current				
Public safety	795,948	795,948	700,366	95,582
Capital outlay				
Public safety	-	-	-	-
Total expenditures	<u>795,948</u>	<u>795,948</u>	<u>700,366</u>	<u>95,582</u>
Excess of revenues over expenditures	<u>(106,878)</u>	<u>(106,878)</u>	<u>299,500</u>	<u>406,378</u>
Net change in fund balance	(106,878)	(106,878)	299,500	406,378
<b>Fund balance</b>				
Beginning of year	-	-	(13,972)	(13,972)
Prior carryforward	<u>106,878</u>	<u>106,878</u>	<u>-</u>	<u>(106,878)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 285,528</u>	<u>\$ 285,528</u>

**CITY OF SANFORD, FLORIDA**  
**Cemetery Special Revenue Fund**  
**Budgetary Comparison Schedule**  
For The Year Ended September 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Miscellaneous revenue	\$ 25,000	\$ 25,000	\$ 35,925	\$ 10,925
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>35,925</u>	<u>10,925</u>
<b>Expenditures</b>				
Current				
Culture and recreation	85,146	90,061	91,012	(951)
Capital outlay				
Culture and recreation	20,000	15,085	-	15,085
Total expenditures	<u>105,146</u>	<u>105,146</u>	<u>91,012</u>	<u>14,134</u>
Deficiency of revenues under expenditures	<u>(80,146)</u>	<u>(80,146)</u>	<u>(55,087)</u>	<u>25,059</u>
Net change in fund balance	(80,146)	(80,146)	(55,087)	25,059
<b>Fund balance</b>				
Beginning of year	-	-	435,499	435,499
Prior carryforward	<u>80,146</u>	<u>80,146</u>	<u>-</u>	<u>(80,146)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 380,412</u>	<u>\$ 380,412</u>

**CITY OF SANFORD, FLORIDA**  
**LIHEAP Special Revenue Fund**  
**Budgetary Comparison Schedule**  
For The Year Ended September 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental revenue	\$ 1,150,825	\$ 1,508,374	\$ 1,266,560	\$ (241,814)
Total revenues	<u>1,150,825</u>	<u>1,508,374</u>	<u>1,266,560</u>	<u>(241,814)</u>
<b>Expenditures</b>				
Current				
General government	1,150,825	1,508,374	1,265,941	242,433
Total expenditures	<u>1,150,825</u>	<u>1,508,374</u>	<u>1,265,941</u>	<u>242,433</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>619</u>	<u>619</u>
Net change in fund balance	-	-	619	619
<b>Fund balance</b>				
Beginning of year	<u>-</u>	<u>-</u>	<u>6,996</u>	<u>6,996</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,615</u>	<u>\$ 7,615</u>

**CITY OF SANFORD, FLORIDA**  
**Police Education Special Revenue Fund**  
**Budgetary Comparison Schedule**  
For The Year Ended September 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Investment income	\$ 184	\$ 184	\$ 22	\$ (162)
Fines and forfeitures	9,500	9,500	8,479	(1,021)
Total revenues	<u>9,684</u>	<u>9,684</u>	<u>8,501</u>	<u>(1,183)</u>
<b>Expenditures</b>				
Current				
Public safety	23,850	24,245	23,980	265
Total expenditures	<u>23,850</u>	<u>24,245</u>	<u>23,980</u>	<u>265</u>
Deficiency of revenues under expenditures	<u>(14,166)</u>	<u>(14,561)</u>	<u>(15,479)</u>	<u>(918)</u>
Net change in fund balance	(14,166)	(14,561)	(15,479)	(918)
<b>Fund balance</b>				
Beginning of year	-	-	20,089	20,089
Prior carryforward	<u>14,166</u>	<u>14,561</u>	<u>-</u>	<u>(14,561)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,610</u>	<u>\$ 4,610</u>

**CITY OF SANFORD, FLORIDA**  
**ARRA Grant Fund**  
**Budgetary Comparison Schedule**  
For The Year Ended September 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental revenue	\$ 401,618	\$ 567,445	\$ 439,005	\$ (128,440)
Total revenues	<u>401,618</u>	<u>567,445</u>	<u>439,005</u>	<u>(128,440)</u>
<b>Expenditures</b>				
Current				
General government		151,159	53,699	97,460
Public safety	401,618	402,968	362,019	40,949
Capital Outlay				
Public safety	-	13,318	36,703	(23,385)
Total expenditures	<u>401,618</u>	<u>567,445</u>	<u>452,421</u>	<u>115,024</u>
Deficiency of revenues under expenditures	<u>-</u>	<u>-</u>	<u>(13,416)</u>	<u>(13,416)</u>
Net change in fund balance	-	-	(13,416)	(13,416)
<b>Fund balance</b>				
Beginning of year	<u>-</u>	<u>-</u>	<u>(138,466)</u>	<u>(138,466)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (151,882)</u>	<u>\$ (151,882)</u>

**CITY OF SANFORD, FLORIDA**  
**CDBG Fund**  
**Budgetary Comparison Schedule**  
For The Year Ended September 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental revenue	\$ 485,388	\$ 485,388	\$ -	\$ (485,388)
Total revenues	<u>485,388</u>	<u>485,388</u>	<u>-</u>	<u>(485,388)</u>
<b>Expenditures</b>				
Current:				
General government	80,833	80,833	75,849	4,984
Total expenditures	<u>80,833</u>	<u>80,833</u>	<u>75,849</u>	<u>4,984</u>
Deficiency of revenues under expenditures	<u>404,555</u>	<u>404,555</u>	<u>(75,849)</u>	<u>(480,404)</u>
Net change in fund balance	404,555	404,555	(75,849)	(480,404)
<b>Fund balance</b>				
Beginning of year	-	-	(71,754)	(71,754)
Future carryforward	<u>(404,555)</u>	<u>(404,555)</u>	<u>-</u>	<u>404,555</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (147,603)</u>	<u>\$ (147,603)</u>

**CITY OF SANFORD, FLORIDA**  
**Youthbuild Fund**  
**Budgetary Comparison Schedule**  
For The Year Ended September 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental revenue	\$ 292,062	\$ 292,062	\$ 211,372	\$ (80,690)
Total revenues	<u>292,062</u>	<u>292,062</u>	<u>211,372</u>	<u>(80,690)</u>
<b>Expenditures</b>				
Current				
General government	287,656	287,656	228,836	58,820
Total expenditures	<u>287,656</u>	<u>287,656</u>	<u>228,836</u>	<u>58,820</u>
Deficiency of revenues under expenditures	<u>4,406</u>	<u>4,406</u>	<u>(17,464)</u>	<u>(21,870)</u>
Net change in fund balance	4,406	4,406	(17,464)	(21,870)
<b>Fund balance</b>				
Beginning of year	-	-	(56,484)	(56,484)
Future carryforward	<u>(4,406)</u>	<u>(4,406)</u>	<u>-</u>	<u>4,406</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (73,948)</u>	<u>\$ (73,948)</u>

**CITY OF SANFORD, FLORIDA**  
**Debt Service Fund**  
**Budgetary Comparison Schedule**  
For The Year Ended September 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Investment income	\$ -	\$ -	\$ 3,686	\$ 3,686
Total revenues	<u>-</u>	<u>-</u>	<u>3,686</u>	<u>3,686</u>
<b>Expenditures</b>				
Debt service				
Principal	818,614	818,614	821,742	(3,128)
Interest and other	730,808	730,808	727,680	3,128
Total expenditures	<u>1,549,422</u>	<u>1,549,422</u>	<u>1,549,422</u>	<u>0</u>
Deficiency of revenues under expenditures	<u>(1,549,422)</u>	<u>(1,549,422)</u>	<u>(1,545,736)</u>	<u>3,686</u>
<b>Other financing sources</b>				
Transfers in	1,549,422	1,549,422	1,549,422	-
Total other financing sources	<u>1,549,422</u>	<u>1,549,422</u>	<u>1,549,422</u>	<u>-</u>
Net change in fund balance	-	-	3,686	3,686
<b>Fund balance</b>				
Beginning of year	<u>-</u>	<u>-</u>	<u>520</u>	<u>520</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,206</u>	<u>\$ 4,206</u>



## **STATISTICAL SECTION (UNAUDITED):**

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



**CITY OF SANFORD, FLORIDA  
STATISTICAL SECTION CONTENTS  
For The Year Ended September 30, 2011**

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

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

Schedule 1  
CITY OF SANFORD, FLORIDA

NET ASSETS BY COMPONENT  
(accrual basis of accounting)

Last Nine Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Governmental activities</b>									
Invested in capital assets, net of related debt	\$ 29,346,215	\$ 34,149,786	\$ 36,293,287	\$ 38,473,897	\$ 100,681,175	\$ 98,814,290	\$ 105,645,908	\$ 104,250,077	\$ 102,568,745
Restricted	1,833,224	1,869,556	2,507,199	3,110,023	10,549,515	28,464,057	24,120,145	9,680,361	7,924,107
Unrestricted	9,983,304	13,796,173	14,924,212	17,872,420	18,631,636	5,361,947	1,555,358	19,401,295	24,915,158
Total governmental activities net assets	\$ 41,162,743	\$ 49,815,515	\$ 53,724,698	\$ 59,456,340	\$ 129,862,326	\$ 132,640,294	\$ 131,321,411	\$ 133,331,733	\$ 135,408,010
<b>Business-type activities</b>									
Invested in capital assets, net of related debt	\$ 53,700,928	\$ 60,689,258	\$ 75,632,685	\$ 85,888,293	\$ 86,901,903	\$ 92,584,371	\$ 101,598,575	\$ 105,427,868	\$ 107,512,124
Restricted	9,777,458	9,331,175	10,088,357	10,753,432	11,811,488	2,473,650	7,680,009	7,401,643	7,333,198
Unrestricted	13,548,581	14,699,489	5,337,171	4,044,563	8,329,896	14,849,417	4,489,557	6,500,159	12,072,947
Total business-type activities net assets	\$ 77,026,967	\$ 84,719,922	\$ 91,058,213	\$ 100,686,288	\$ 107,043,287	\$ 109,907,438	\$ 113,768,141	\$ 119,329,670	\$ 126,918,269
<b>Primary government</b>									
Invested in capital assets, net of related debt	\$ 83,047,143	\$ 94,839,044	\$ 111,925,972	\$ 124,362,190	\$ 187,583,078	\$ 191,398,661	\$ 207,244,483	\$ 209,677,945	\$ 210,080,869
Restricted	11,610,682	11,200,731	12,595,556	13,863,455	22,361,003	30,937,707	31,800,154	17,082,004	15,257,305
Unrestricted	23,531,885	28,495,662	20,261,383	21,916,983	26,961,532	20,211,364	6,044,915	25,901,454	36,988,105
Total primary government net assets	\$ 118,189,710	\$ 134,535,437	\$ 144,782,911	\$ 160,142,628	\$ 236,905,613	\$ 242,547,732	\$ 245,089,552	\$ 252,661,403	\$ 262,326,279

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

**Schedule 2  
CITY OF SANFORD, FLORIDA**

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

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses</b>									
Governmental activities:									
General government	\$ 4,662	\$ 4,068	\$ 5,494	\$ 5,826	\$ 5,720	\$ 6,268	\$ 7,551	\$ 5,839	\$ 6,126
Public safety	14,388	15,489	16,279	17,961	22,909	22,875	23,600	22,506	22,854
Transportation	2,295	7,705	3,597	3,739	7,998	5,748	5,384	4,968	5,004
Physical environment	3,813	3,050	3,976	3,554	862	3,088	2,983	2,325	1,899
Economic environment	599	398	622	601	789	1,354	2,345	1,116	828
Human services	366	521	128	431	259	146	214	122	90
Culture and recreation	3,258	3,840	3,914	4,625	7,757	5,779	5,835	5,311	5,188
Interest on long-term debt	*	*	76	72	65	358	834	749	728
Total governmental activities expenses	29,381	35,071	34,086	36,809	46,359	45,616	48,746	42,936	42,717
Business-type activities:									
Water and sewer	10,934	11,961	12,960	15,631	16,563	18,646	18,075	17,600	16,585
Stormwater	1,395	1,462	1,671	1,420	1,899	5,329	1,904	2,022	2,574
Solid waste	-	-	-	-	4,519	2,377	5,163	5,190	5,069
Total business-type activities expenses	12,329	13,423	14,631	17,051	22,981	26,352	25,142	24,812	24,228
Total primary government expenses	41,710	48,494	48,717	53,860	69,340	71,968	73,888	67,748	66,945
<b>Program revenues</b>									
Governmental activities:									
Charges for services:									
General government	1,833	1,908	2,105	2,210	2,708	1,110	992	892	1,120
Public safety	1,385	2,017	2,267	2,347	2,049	3,312	3,344	3,175	3,318
Transportation	14	32	55	57	59	61	69	66	68
Physical environment	3,458	3,685	3,927	4,232	199	119	103	247	67
Culture and recreation	207	243	253	279	281	480	721	674	647
Operating grants and contributions	1,127	5,719	902	1,312	1,458	1,460	2,097	2,478	3,172
Capital grants and contributions	4,486	3,788	2,433	704	1,217	1,100	1,591	972	1,408
Total governmental activities program revenues	12,510	17,392	11,942	11,141	7,971	7,642	8,917	8,504	9,800
Business-type activities:									
Charges for services	13,622	15,143	15,136	17,467	23,087	25,156	25,947	28,113	29,097
Operating grants and contributions	29	-	-	50	274	-	1,580	1,873	1,593
Capital grants and contributions	2,169	5,676	4,871	8,122	4,151	3,393	1,171	722	1,074
Total business-type activities program revenues	15,820	20,819	20,007	25,639	27,512	28,549	28,698	30,708	31,764
Total primary government program revenues	28,330	38,211	31,949	36,780	35,483	36,191	37,615	39,212	41,564
<b>Net (expense) / revenue</b>									
Governmental activities	(16,871)	(17,679)	(22,144)	(25,668)	(38,388)	(37,974)	(39,829)	(34,432)	(32,917)
Business-type activities	3,491	7,396	5,376	8,588	4,531	2,197	3,556	5,896	7,536
Total primary government net expense	(13,380)	(10,283)	(16,768)	(17,080)	(33,857)	(35,777)	(36,273)	(28,536)	(25,381)

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

\* Data not available

(Continued)

Schedule 2  
CITY OF SANFORD, FLORIDA  
CHANGES IN NET ASSETS (continued)  
(modified accrual basis of accounting)

Last Nine Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>General revenues and other changes in net assets</b>									
Governmental activities:									
Property tax	\$ 8,855	\$ 9,483	\$ 10,265	\$ 12,101	\$ 16,557	\$ 19,325	\$ 18,644	\$ 16,387	\$ 15,502
Other taxes	12,178	16,047	14,835	16,923	20,570	19,907	18,435	18,706	18,820
Grants and contributions not restricted to specific programs	3,947	-	-	-	-	-	-	-	-
Unrestricted investment earnings	265	241	574	1,201	1,656	1,105	996	401	254
Gain on sale of capital assets	20	142	3	-	69	86	14	11	33
Miscellaneous	144	430	713	795	(750)	329	421	294	169
Transfers in (out)	(550)	(12)	(338)	(175)	(598)	-	-	643	214
Total governmental activities	24,859	26,331	26,052	30,845	37,504	40,752	38,510	36,442	34,992
Business-type activities:									
Grants and contributions not restricted to specific programs	1,724	-	-	-	-	-	-	-	-
Unrestricted investment earnings	373	286	580	785	980	481	155	157	122
Gain on sale of capital assets	133	-	8	6	14	-	-	-	-
Miscellaneous	109	-	37	74	130	186	150	152	146
Transfers in (out)	550	12	338	175	702	-	-	(643)	(214)
Total business-type activities	2,889	298	963	1,040	1,826	667	305	(334)	54
Total primary government	27,748	26,629	27,015	31,885	39,330	41,419	38,815	36,108	35,046
<b>Change in net assets</b>									
Governmental activities	7,988	8,652	3,908	5,177	(884)	2,778	(1,319)	2,010	2,075
Business-type activities	6,380	7,694	6,339	9,628	6,357	2,864	3,861	5,562	7,590
Total government	\$ 14,368	\$ 16,346	\$ 10,247	\$ 14,805	\$ 5,473	\$ 5,642	\$ 2,542	\$ 7,572	\$ 9,665

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

Schedule 3  
CITY OF SANFORD, FLORIDA

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

Last Ten Fiscal Years

*(dollar amounts expressed in thousands)*

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>General fund</b>										
Reserved	\$ 3,155	\$ 105	\$ 134	\$ 177	\$ 175	\$ 109	\$ 1,533	\$ -	\$ -	\$ -
Unreserved	11,159	13,154	9,990	16,051	19,622	18,525	10,222	-	-	-
Total general fund	\$ 14,314	\$ 13,259	\$ 10,124	\$ 16,228	\$ 19,797	\$ 18,634	\$ 11,755	\$ -	\$ -	\$ -
<b>All other governmental funds</b>										
Reserved	\$ -	\$ 208	\$ 52	\$ 52	\$ -	\$ -	\$ 33,971	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	1,997	2,118	2,334	3,019	3,670	3,869	2,586	-	-	-
Debt service funds	(77,331)	-	-	-	-	-	-	-	-	-
Capital projects funds	-	(1,516)	9	131	189	585	1,384	-	-	-
Various	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ (75,334)	\$ 810	\$ 2,395	\$ 3,202	\$ 3,859	\$ 4,454	\$ 37,941	\$ -	\$ -	\$ -
<b>General fund</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 151	\$ 173	\$ 258
Restricted	-	-	-	-	-	-	-	2	4	2
Assigned	-	-	-	-	-	-	-	3,701	1,277	1,369
Unassigned	-	-	-	-	-	-	-	8,331	11,847	16,233
Total general fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,185	\$ 13,301	\$ 17,862
<b>All other governmental funds</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7
Restricted	-	-	-	-	-	-	-	23,999	9,666	8,203
Committed	-	-	-	-	-	-	-	-	-	5
Assigned	-	-	-	-	-	-	-	5,487	4,878	2,378
Total all other governmental funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,486	\$ 14,544	\$ 10,593

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

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

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

**Last Ten Fiscal Years**

*(dollar amounts expressed in thousands)*

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b><u>Revenues</u></b>						
Taxes	\$ 16,271	\$ 21,034	\$ 21,287	\$ 20,158	\$ 23,638	\$ 29,917
Licenses and permits	827	1,006	1,490	1,564	1,721	1,265
Intergovernmental revenues	4,908	8,615	7,953	12,358	6,737	7,156
Charges for services	4,516	4,524	4,979	5,537	5,835	1,960
Fines and forfeitures	331	323	362	289	428	422
Impact fees	171	286	747	386	502	648
Interest earnings	415	265	241	574	1,201	1,656
Administrative services	906	906	906	1,060	1,095	1,557
Miscellaneous revenues	357	775	866	697	1,112	944
Total revenues	<u>28,702</u>	<u>37,734</u>	<u>38,831</u>	<u>42,623</u>	<u>42,269</u>	<u>45,525</u>
<b><u>Expenditures</u></b>						
General government	3,906	4,412	4,284	5,481	5,352	6,910
Public safety	12,435	13,415	14,247	15,268	16,327	18,782
Transportation	2,403	2,520	2,538	3,138	3,002	5,414
Physical environment	3,035	2,930	2,975	2,948	3,567	818
Economic environment	658	534	383	609	560	731
Human services	223	252	260	147	450	251
Culture and recreation	3,214	3,217	3,198	3,339	3,795	4,955
Capital outlay	5,028	12,359	7,056	4,301	5,241	5,861
Principal	80	85	90	95	100	110
Interest and fiscal charges	92	87	82	77	72	65
Total expenditures	<u>31,074</u>	<u>39,811</u>	<u>35,113</u>	<u>35,403</u>	<u>38,466</u>	<u>43,897</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,372)</u>	<u>(2,077)</u>	<u>3,718</u>	<u>7,220</u>	<u>3,803</u>	<u>1,628</u>
<b><u>Other financing sources (uses)</u></b>						
Operating transfer to component unit	(239)	-	-	-	-	-
Transfers in	1,960	1,340	172	551	172	4,658
Transfers (out)	(1,978)	(1,891)	(183)	(888)	(347)	(5,257)
Proceeds from sale of property	29	12	24	29	44	20
Issuance of debt	-	-	-	-	-	-
Total other financing sources (uses)	<u>(228)</u>	<u>(539)</u>	<u>13</u>	<u>(308)</u>	<u>(131)</u>	<u>(579)</u>
<b><u>Extraordinary item</u></b>						
Hurricane expenditures	-	-	(5,281)	-	-	-
Lease termination	-	-	-	-	-	(1,618)
Total extraordinary items	<u>-</u>	<u>-</u>	<u>(5,281)</u>	<u>-</u>	<u>-</u>	<u>(1,618)</u>
Net change in fund balances	<u>\$ (2,600)</u>	<u>\$ (2,616)</u>	<u>\$ (1,550)</u>	<u>\$ 6,912</u>	<u>\$ 3,672</u>	<u>\$ (569)</u>
Debt service as a percentage of non-capital expenditures	<u>0.66%</u>	<u>0.63%</u>	<u>0.61%</u>	<u>0.55%</u>	<u>0.52%</u>	<u>0.46%</u>

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 27,272	\$ 26,639	\$ 24,339	\$ 23,242
4,408	5,031	5,249	5,829
11,090	9,976	9,380	12,076
2,229	2,277	2,357	1,963
400	291	246	158
679	376	262	423
973	926	313	204
-	-	-	-
630	853	562	377
<u>47,681</u>	<u>46,369</u>	<u>42,708</u>	<u>44,272</u>
6,131	6,175	4,839	5,280
21,224	21,335	21,806	21,564
2,455	2,342	2,162	1,961
2,972	2,692	3,842	2,149
1,885	1,418	1,119	825
167	213	109	77
5,108	4,758	4,357	4,093
6,114	13,029	18,079	6,523
168	4,354	708	822
456	834	749	728
<u>46,680</u>	<u>57,150</u>	<u>57,770</u>	<u>44,022</u>
1,001	(10,781)	(15,062)	250
-	-	-	-
12,603	4,519	2,846	5,315
(12,603)	(4,519)	(2,203)	(5,101)
125	20	12	145
18,300	2,736	582	-
<u>18,425</u>	<u>2,756</u>	<u>1,237</u>	<u>359</u>
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 19,426</u>	<u>\$ (8,025)</u>	<u>\$ (13,825)</u>	<u>\$ 609</u>
<u>1.54%</u>	<u>11.76%</u>	<u>3.67%</u>	<u>4.13%</u>

**Schedule 5  
CITY OF SANFORD, FLORIDA**

**ASSESSED AND ACTUAL VALUE OF TAXABLE PROPERTY**

**Last Ten Fiscal Years**

*(dollar amounts are expressed in thousands)*

<b>Fiscal Year</b>	<b>Assessed Values</b>			<b>Less: Tax-Exempt Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value as a Percentage of Actual Value</b>
	<b>Real Property</b>	<b>Personal Property</b>	<b>Total</b>					
2002*	\$ 1,560,363	\$ 267,606	\$ 1,827,969	\$ (497,723)	\$ 1,330,246	6.625	\$ 1,361,562	97.70%
2003*	1,832,640	267,432	2,100,072	(600,923)	1,499,149	6.500	1,511,239	99.20%
2004*	1,966,176	288,833	2,255,009	(652,922)	1,602,087	6.475	1,639,802	97.70%
2005*	2,186,595	296,821	2,483,416	(708,255)	1,775,161	6.350	1,794,905	98.90%
2006	2,622,524	314,837	2,937,361	(821,501)	2,115,860	6.325	2,176,811	97.20%
2007	3,777,524	347,830	4,125,354	(1,220,061)	2,905,293	6.325	2,885,097	100.70%
2008	4,388,732	379,778	4,768,510	(1,363,021)	3,405,489	6.325	3,532,665	96.40%
2009	4,340,613	399,744	4,740,357	(1,483,654)	3,256,703	6.325	3,353,968	97.10%
2010	3,695,403	395,393	4,090,796	(1,213,705)	2,877,091	6.325	2,920,904	98.50%
2011	3,216,500	367,284	3,583,784	(1,077,847)	2,505,937	6.825	2,618,554	95.70%

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

**Source:** Seminole County Property Appraiser

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

**Schedule 6  
CITY OF SANFORD, FLORIDA**

**DIRECT AND OVERLAPPING PROPERTY TAX RATES**

**Last Ten Fiscal Years**

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

<u>Fiscal Year</u>	<u>City of Sanford, Florida</u>	<u>Seminole County</u>		<u>St. Johns River Water Mgmt. Dist.</u>	<u>Total</u>
		<u>Government</u>	<u>School Board</u>		
2002	6.625	5.220	9.162	0.462	21.469
2003	6.500	5.208	9.000	0.462	21.170
2004	6.475	5.190	8.736	0.462	20.863
2005 *	6.350	5.171	8.512	0.462	20.495
2006 *	6.325	5.203	7.965	0.462	19.955
2007	6.325	5.144	7.753	0.462	19.684
2008	6.325	4.358	7.413	0.416	18.512
2009	6.325	4.660	7.543	0.416	18.944
2010	6.325	5.045	7.723	0.416	19.509
2011	6.825	5.045	7.801	0.416	20.087

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

**Source:** Seminole County Property Appraiser

Schedule 7  
CITY OF SANFORD, FLORIDA

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer Name	Business Name	Fiscal Year 2011			Fiscal Year 2002		
		Taxable Value	Percent of Total Taxable Value	Rank	Taxable Value	Percent of Total Taxable Value	Rank
Seminole Towne Center LP	Seminole Towne Center Mall	\$ 84,442,350	3.53%	1			
Florida Power & Light Co	Florida Power & Light Co	39,366,405	1.64%	2			
Central Florida Regional Hospital	Central Florida Regional Hospital	39,131,417	1.63%	3			
Wal-Mart Stores East LP	Wal-Mart Stores, Inc.	33,319,893	1.39%	4			
Lakes Edge Apartments LLC	Lakes Edge Apartments LLC	30,880,993	1.29%	5			
CRLP Twin Lakes LLC	CRLP Twin Lakes LLC	27,875,281	1.16%	6			
Westlake Sanford Assoc LLC	Westlake Sanford Assoc LLC	23,125,830	0.97%	7			
WRI Seminole II LLC	WRI Seminole II LLC	22,057,321	0.92%	8			
Bellsouth Telecommunication Inc	Bellsouth Telecommunication Inc	20,211,884	0.84%	9			
Sanford Airport Authority	Sanford Airport Authority	14,751,959	0.62%	10			
Seminole Towne Center LP	Seminole Towne Center Mall				\$ 88,035,493	6.62%	1
BellSouth	BellSouth				33,701,142	2.53%	2
Central Florida Regional Hospital	Central Florida Regional Hospital				26,324,490	1.98%	3
Florida Power & Light Co	Florida Power & Light Co				20,986,281	1.58%	4
Kimco of Merritt Island, Inc.	Seminole Center				17,366,340	1.31%	5
ZOM Gateway Plaza	Gateway Plaza				15,302,620	1.15%	6
Vestcor Fund XI Ltd					14,506,382	1.09%	7
TWC Ninety-Five Ltd	Windchase Apartments				9,515,420	0.72%	8
Dillard Department Stores, Inc	Dillards				9,835,180	0.74%	9
Placid Lake Association	Placid Lake Association				10,769,590	0.81%	10
	Total	<u>\$ 335,163,333</u>	<u>14.00%</u>		<u>\$ 246,342,938</u>	<u>18.53%</u>	

Source: Seminole County Property Appraiser - 2010 Top Ten Taxpayer for Sanford and; City of Sanford FY 2002 CAFR

**Schedule 8  
CITY OF SANFORD, FLORIDA**

**PROPERTY TAX LEVIES AND COLLECTIONS**

**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Total Tax Levy (1)</b>	<b>Current Tax Collections (2)</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax Collections (3)</b>	<b>Total Tax Collections</b>	<b>Total Collections as a Percent of Current Levy</b>
2002	\$ 8,321,052	\$ 7,863,714	94.5%	\$ 60,457	\$ 7,924,171	95.2%
2003	9,207,029	8,808,277	95.7%	46,371	8,854,648	96.2%
2004	9,822,331	9,415,246	95.9%	67,644	9,482,890	96.5%
2005	10,728,465	10,094,787	94.1%	170,532	10,265,319	95.7%
2006	12,782,036	12,063,863	94.4%	37,191	12,101,054	94.7%
2007	17,441,759	16,522,411 *	94.7%	34,973 *	16,557,384	94.9%
2008	20,524,602	19,272,717	93.9%	51,814	19,324,531	94.2%
2009	19,577,301	18,570,633	94.9%	72,819	18,643,452	95.2%
2010	17,323,288	16,162,695	93.3%	224,474	16,387,168	94.6%
2011	16,339,748	15,305,619	93.7%	196,872	15,502,491	94.9%

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

Schedule 9  
CITY OF SANFORD, FLORIDA

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year	Governmental-type Activities		Business-type Activities			Total Primary Government	Sanford Personal Income	Percentage of Personal Income	Per Capita
	Special Facilities Revenue Bonds	Public Safety Complex Revenue Bonds	Utility System Revenue Notes	State Revolving Loans	Stormwater System Revenue Bonds				
2002	\$ 1,595,000	-	\$ 29,930,000	\$ 10,725,255	\$ 2,781,195	\$ 45,031,450	\$ 1,416,470,250	3.2%	1,041
2003	1,510,000	-	24,974,690	16,172,724	2,497,680	45,155,094	1,499,964,830	3.0%	1,014
2004	1,420,000	-	24,192,633	15,207,361	2,210,670	43,030,664	1,645,721,848	2.6%	934
2005	1,325,000	-	23,381,500	14,668,181	1,910,228	41,284,909	1,817,300,296	2.3%	838
2006	1,225,000	-	22,550,368	24,658,809	1,596,079	50,030,256	1,897,089,491	2.6%	977
2007	1,115,000	-	21,699,236	31,505,217	1,267,539	55,586,992	2,123,853,802	2.6%	1,047
2008	1,000,000	18,000,000	20,828,102	32,712,870	924,058	73,465,030	2,065,257,180	3.6%	1,353
2009	-	17,410,000	19,921,968	30,854,659	564,805	68,751,432	2,076,807,874	3.3%	1,278
2010	-	16,795,000	19,107,056	33,717,701	189,126	69,808,883	2,087,202,200	3.3%	1,307
2011	-	16,155,000	18,153,995	34,110,664	-	68,419,659	2,105,628,130	3.2%	1,281

**Sources:** Population data from the Office of Economic and Demographic Research, Florida Population Estimates of Counties and Municipalities. Personal income data from the U.S. Department of Commerce Bureau of Economic Analysis, the Metro Orlando Economic Development Commission, State of Florida Office of Economic and Demographic Research

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

**Debt limitation:** There are no legal debt limits for Florida municipalities.

**Schedule 10  
CITY OF SANFORD, FLORIDA**

**Computation of Direct and Overlapping Debt  
General Obligation Bonds  
September 30, 2011**

<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>
Direct:			
City of Sanford	\$ -	100.0%	\$ -
Overlapping:			
Seminole County Government	8,490,000	9.9%	839,490
Total Direct and Overlapping Debt			<u>\$ 839,490</u>

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Sanford, Florida. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident – and therefore responsible for repaying the debt – of each overlapping government.

Percentage applicable for overlapping debt is based on City's total taxable assessed value as a percentage of Seminole County's total assessed value.

**Sources:** Seminole County Finance Department

**Schedule 11  
CITY OF SANFORD, FLORIDA**

**PLEDGED REVENUE COVERAGE**

**Last Ten Fiscal Years**

General Government  
**Sales Tax Revenue Bonds**

Fiscal Year	Half-Cent Sales Tax	Debt Service Requirements (4)		Coverage
		Principal	Interest	
2002	-	-	-	-
2003	-	-	-	-
2004	-	-	-	-
2005	-	-	-	-
2006	-	-	-	-
2007	-	-	-	-
2008	\$ 3,371,680	\$ -	\$ 286,960	11.75
2009	2,975,011	590,000	759,600	2.20
2010	2,915,832	615,000	734,702	2.16
2011	2,939,839	640,000	708,749	2.18

Proprietary Funds

**Water and Sewer Revenue Bonds**

Fiscal Year	Gross Revenues (1), (5)	Water System Development Charges (7)	Operating Expenses (2)	Net Available For Debt Service	Debt Service Requirements (3)		Coverage
					Principal	Interest	
2002	\$ 11,195,215	\$ 461,818	\$ 6,927,173	\$ 4,729,860	\$ 560,000	\$ 459,015	4.64
2003	12,330,291	1,121,190	7,197,024	6,254,457	935,000	1,538,940	2.53
2004	13,242,221	895,419	7,928,953	6,208,687	920,000	1,055,770	3.14
2005	14,283,596	906,890	8,346,553	6,843,933	970,000	1,031,082	3.42
2006	15,876,810	907,163	11,385,610	5,398,363	990,000	1,011,683	2.70
2007	16,874,390	907,253	11,573,187	6,208,456	1,010,000	991,883	3.10
2008	17,105,148	906,018	13,170,977	4,840,189	1,030,000	969,158	2.42
2009	17,490,831	907,877	11,691,337	6,707,371	1,065,000	938,258	3.35
2010	19,244,661	721,961	12,093,933	7,872,689	1,095,000	924,297	3.90
2011	20,294,405	837,165	11,915,644	9,215,926	1,120,000	769,764	4.88

**Water and Sewer State Revolving Loans**

Fiscal Year	Gross Revenues (1)	Less: Operating Expenses (2)	Net Available For Debt Service	Debt Service Requirements (4)		Coverage
				Principal	Interest	
2002	\$ 11,195,215	\$ 6,927,173	\$ 4,268,042	\$ 453,840	\$ 203,004	6.50
2003	12,330,291	7,197,024	5,133,267	1,189,621	354,057	3.33
2004	13,242,221	7,928,953	5,313,268	2,078,323	527,783	2.04
2005	14,283,596	8,346,553	5,937,043	2,114,409	491,697	2.28
2006	15,876,810	11,385,610	4,491,200	1,544,670	452,834	2.25
2007	16,874,390	11,573,187	5,301,203	1,455,791	572,969	2.61
2008	17,105,148	13,170,977	3,934,171	1,844,249	792,010	1.49
2009	17,490,831	11,691,337	5,799,494	1,796,473	789,846	2.24
2010	19,244,661	12,093,933	7,150,728	1,851,177	716,019	2.79
2011	20,294,405	11,915,644	8,378,761	1,854,547	757,727	3.21

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

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

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

General Government  
Special Facilities Revenue Bonds

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

Proprietary Funds

Stormwater Revenue Bonds

Stormwater Revenues	Less: Operating Expenses (2)	Net Available For Debt Service	Debt Service Requirements (4)		Coverage
			Principal	Interest	
\$ 1,627,406	\$ 886,413	\$ 740,993	\$ 265,406	\$ 132,482	4.09
1,864,213	1,022,655	841,558	277,348	120,540	4.69
2,224,518	1,086,224	1,138,294	289,827	108,061	5.59
2,308,855	1,310,723	998,132	302,768	95,120	5.80
3,198,778	1,060,592	2,138,186	316,391	81,947	8.03
2,959,982	1,444,894	1,515,088	330,627	68,557	7.42
3,035,556	1,863,121	1,172,435	344,270	53,618	7.63
3,249,301	1,259,700	1,989,601	360,043	62,662	7.69
3,800,074	1,574,814	2,225,260	376,471	8,468	9.87
3,731,188	1,895,947	1,835,241	191,564	4,239	19.06

Stormwater State Revolving Loans

Stormwater Revenues	Less: Operating Expenses (2)	Net Available For Debt Service	Debt Service Requirements (4)		Coverage
			Principal	Interest	
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 3,035,556	\$ 1,863,121	\$ 1,172,435	\$ 132,120	\$ 122,937	11.90
3,249,301	1,259,700	1,989,601	183,184	121,393	10.67
3,800,074	1,574,814	2,225,260	188,215	116,361	12.48
3,731,188	1,895,947	1,835,241	245,250	191,783	8.54

**Schedule 12  
CITY OF SANFORD, FLORIDA**

**DEMOGRAPHIC AND ECONOMIC STATISTICS**

**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Per Capita Personal Income (2)</b>	<b>Personal Income (2)</b>	<b>Public School Enrollment (3)</b>	<b>Unemployment Rate (4)</b>
2002	43,251	\$ 32,750	\$ 1,416,470,250	11,957	5.9%
2003	44,549	33,670	1,499,964,830	12,450	5.1%
2004	46,078	35,716	1,645,721,848	13,326	3.8%
2005	49,252	36,898	1,817,300,296	14,060	3.6%
2006	51,227	37,033	1,897,089,491	13,693	3.3%
2007	53,099	39,998	2,123,853,802	12,966	3.1%
2008	54,306	38,030	2,065,257,180	11,080	4.7%
2009	53,816	38,591	2,076,807,874	12,969	9.0%
2010	53,392	39,092	2,087,202,200	13,139	11.8%
2011	53,422	39,415	2,105,636,143	13,597	10.8%

**Source:**

- (1) Office of Economic and Demographic Research  
Florida Population Estimates for Counties and Municipalities - April 1, 2011
- (2) U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System  
The actual per capita personal income is for Seminole County. The per capita figures are multiplied by the population to determine the total personal income. The 2005 figures were estimated by using an average growth of \$1,182 annually from 1997. The 2006 and 2007 per capita personal income figures use the median household income for the city of Sanford provided by the Metro Orlando Economic Development Commission. The 2008 - 2011 per capita personal income figures use the Florida per capita personal income, history and forecast provided by the State of Florida Office of Economic and Demographic Research.
- (3) Seminole County School Board - school year ending June of fiscal year
- (4) Florida Research and Economic Database  
Labor Force Data  
Fiscal Year 2007-2008 average unemployment rate (October - September) - Seminole County  
Fiscal Year 2009 average unemployment rate (October - September) - Seminole County  
Fiscal Years 2010-11 average unemployment rate (October - September ) - Orlando-Kissimmee-Sanford, FL MSA

**Schedule 13  
CITY OF SANFORD, FLORIDA**

**PRINCIPAL EMPLOYERS**

**Current Year and Nine Years Ago**

<u>Employer</u>	<u>Fiscal Year 2010 / 2011</u>		<u>Fiscal Year 2001 / 2002</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Seminole County Public Schools**	1,639	1	*	*
Seminole State College	1,496	2	*	*
Seminole County Government	1,269	3	*	*
Seminole County Sheriff	1,126	4	*	*
Central Florida Regional Hospital	1,024	5	*	*
Wal-Mart Stores	699	6	*	*
City of Sanford	490	7	*	*
Orlando Sanford International Airport***	419	8	*	*
Sanford Auto Dealers Exchange	295	9	*	*
Davis Maus Toyota	270	10	*	*
Total	<u>8,727</u>		<u>*</u>	

\* Data not available

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

\*\*\* Sanford Airport Authority (full and part-time), TBI, Alpha Retail, Alpha Flight, Hudson, SSP, Swissport, Preflight, Dollar ASIG, Canteen and vending companies

**Source:** Informal survey and research conducted by City of Sanford Finance Department



**Schedule 14  
CITY OF SANFORD, FLORIDA**

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

**Last Ten Fiscal Years**

	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>General Government:</b>										
City Manager	5	5	3	3	6	8.5	9	7	10	9
Code Enforcement	-	-	5	5	9	8	6	8	10	11
City Clerk	3	2	2	2	3	3.5	3	3	3	3
Human Resources	4	3	2	2	4	5	5	4	4	4
Civil Service	1	1	-	-	-	-	-	-	-	-
Finance	17	16	16	16	17	16	14	20	20	14
Planning/Development	21	25	15	15	22	22.5	13	11	11.5	9
<b>Public Safety:</b>										
Police	135	135	140	140	147	155	153	145	153	143
Fire	70	67.5	67.5	67.5	69	78.2	94	90	90.2	79
<b>Public Works</b>	56	52	52	52	86	95	90	86	92	88
<b>Utilities</b>	95	94	91	91	97	102	100	99	100.5	101
<b>Recreation</b>	45	41	42	42	31.1	34.1	18	18	31.2	30
<b>Total</b>	<b>452</b>	<b>442</b>	<b>435.5</b>	<b>435.5</b>	<b>491.1</b>	<b>527.8</b>	<b>505.0</b>	<b>491</b>	<b>525</b>	<b>490</b>

**Source:** City of Sanford Budgets 2001-2008, 2010-2011  
City of Sanford Financial Services Department

**Schedule 15  
CITY OF SANFORD, FLORIDA**

**OPERATING INDICATORS BY FUNCTION/PROGRAM**

**Last Ten Fiscal Years**

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

\* Data not available

\*\*Data corrected for previous years.

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

**Source:** Various City Departments

<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
4,123	3,419	3,530	2,430	3,009
13,784	10,480	3,515**	2,991	9,205
2,190	1,793	514**	352	1,087
3,420	1,747	990	2,021	3,009
2,009	3,419	3,530	2,430	1,208
6,751	3,258	3,516	3,040	2,422
234	127	102	107	63
7,387	6,419	5,306	4,428	5,123
1,837	1,595	1,352	1,261	1,346
121,411	100,235	127,471	72,482	23,430
95,598	89,339	96,712	85,281	121,234
8,952	8,929	8,632	8,480	8,794
234	241	265	58	63
1,630	1,022	2,178	1,363	2,220
17	17	19	14	24
37	47	31	23	29
156.12	156.12	156.35	156.61	160.66
2.10	2.10	2.10	2.10	1.50
2.85	3.95	3.25	4.30	4.36
133	162	150	119	206

**Schedule 16  
CITY OF SANFORD, FLORIDA**

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**

**Last Ten Fiscal Years**

	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b><u>Transportation</u></b>					
Miles of streets	149	149	157	163	158.22
<b><u>Public Safety</u></b>					
Number of Fire Stations	3	3	3	3	3
Number of Firefighters and Officers	67	69.5	69.5	72	73
Number of Police Stations*	4	5	5	5	4
Number of Sworn Officers	111	108	116	114	126
<b><u>Municipal Water System</u></b>					
Number of Customers	12,445	13,574	13,867	16,256	16,861
Average Daily Consumption	6.8 MGD	6.1 MGD	6.6 MGD	6.6 MGD	7.31 MGD
Plant Capacity - All Plants	16.5 MGD	17.5 MGD	17.5 MGD	17.5 MGD	17.5 MGD
Deep Wells	18	20	20	20	20
Number of Fire Hydrants	907	1,008	1,008	1,008	1,200
<b><u>Municipal Sewer System</u></b>					
Number of Customers	11,952	12,641	12,461	14,856	12,850
Treatment Facility Capacity	7.3 MGD				
Annual Average Flow	5.47 MGD	6.5 MGD	6.5 MGD	7.6 MGD	5.7 MGD
<b><u>Municipal Stormwater System</u></b>					
Number of Customers	11,412	11,927	12,482	12,482	13,530
<b><u>Building Permits Issued</u></b>					
	2,723	7,233	5,901	6,879	5,542
<b><u>Recreation &amp; Culture</u></b>					
Number of Regional Parks	1	1	1	1	1
Number of Neighborhood Parks	36	36	36	37	37
Park Area - #of acres	342	342	342	348	348
Number of Museums	1	1	1	1	1
Number of Books	3,556	3,556	3,556	3,621	3,621

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

**Source:** Various City Departments

<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
158.22	158.22	158.45	158.71	162.16
3	3	3	3	3
78	80	76	75	77
4	4	4	3	2
125	137	125	125	123
17,684	16,781	15,443	15,625	15,127
7.498 MGD	7.180 MGD	7.31 MGD	6.971 MGD	6.513 MGD
14.688 MGD				
19	19	19	19	19
1,207	1,207	1,271	1,352	1,281
13,882	14,093	12,843	12,574	14,114
9.3 MGD				
6.12 MGD	7.57 MGD	6.438 MGD	6.334 MGD	6.05 MGD
13,688	13,842	13,260	12,982	13,861
4,123	3,419	3,530	2,430	3,009
1	1	1	1	1
37	38	36	36	36
348	350	350	350	350
1	1	1	1	1
3,630	3,630	3,630	3,630	3,630



## **COMPLIANCE SECTION:**

This section contains the following subsections:

- INDEPENDENT AUDITORS' REPORT OF INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
- INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
- SCHEDULE OF FINDINGS AND QUESTIONED COSTS
- SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
- NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
- INDEPENDENT AUDITORS' MANAGEMENT LETTER





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

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited the financial statements of the governmental activities, the business-type activities, the City of Sanford Community Redevelopment Agency discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sanford, Florida (the "City"), as of and for the year ended September 30, 2011, and have issued our report thereon dated March 14, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Internal Control Over Financial Reporting***

The management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

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

***Compliance and Other Matters***

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

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

*Moore Stephens Lovelace, P.A.*

**MOORE STEPHENS LOVELACE, P.A.**  
Certified Public Accountants

Orlando, Florida  
March 14, 2012



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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT  
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

***Compliance***

We have audited the compliance of the City of Sanford, Florida (the "City"), with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2011. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to 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.

The City's basic financial statements include the operations of the Sanford Airport Authority (the "Airport"), a discretely presented component unit of the City, which expended \$4,591,281 in federal awards during the year ended September 30, 2011, which is not included in the City's schedule of expenditures of federal awards. Our audit, described below, did not include the operations of the Airport because the financial statement and compliance audits were performed by other auditors who have issued their own report.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2011. However, we noted one instance, which is reported in the accompanying schedule of findings and questioned costs as Item 2011-01 and which relates to the City's request for a Buy American waiver from the federal grantor agency.

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

### ***Internal Control Over Compliance***

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

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

### ***Schedule of Expenditures of Federal Awards***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the City of Sanford Community Redevelopment Agency discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended September 30, 2011, and have issued our report thereon dated March 14, 2012, which contained references to the reports of other auditors. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis, as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Mayor, City Commission, management, and specific legislative or regulatory bodies and is not intended to be, and should not be, used by anyone other than these specified parties.

*Moore Stephens Lovelace, P.A.*

**MOORE STEPHENS LOVELACE, P.A.**  
Certified Public Accountants

Orlando, Florida  
March 14, 2012

**CITY OF SANFORD, FLORIDA**  
**Schedule of Findings and Questioned Costs**  
**For The Year Ended September 30, 2011**

**SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS**

**Financial Statements**

Type of Auditor's Report Issued:

**Unqualified Opinion**

Internal control over financial reporting:

- Material weakness(es) identified?                    \_\_\_ Yes              X   No
- Significant deficiency(ies) identified?            \_\_\_ Yes              X   None reported
- Noncompliance material to financial statements noted?    \_\_\_ Yes              X   No

**Federal Awards**

Internal control over major programs:

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

Type of report issued on compliance for major federal programs:

**Unqualified Opinion**

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

**Identification of Major Federal Programs:**

<b><u>CFDA Number</u></b>	<b><u>Name of Federal Program</u></b>
16.710	ARRA – COPS Hiring Recovery Program
66.458	Clean Water State Revolving Fund Loan
66.458	ARRA – Clean Water State Revolving Fund Loan
66.468	Drinking Water State Revolving Fund Loan
66.468	ARRA – Drinking Water State Revolving Fund Loan
81.128	ARRA – Energy Efficiency and Conservation Block Grant

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

Auditee qualified as low-risk auditee?                      X   Yes            \_\_\_ No

**CITY OF SANFORD, FLORIDA**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For The Year Ended September 30, 2011**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

None Reported.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION**

**2011-01 Compliance Issue**

**MAJOR PROGRAM:** DOE 81.128 (ARRA – Energy Efficiency and Conservation Block Grant)

**Finding Type:**

Compliance – Buy American Waiver

**Criteria:**

Federal awards funded by the Recovery Act are subject to rules that require grant recipients to use American iron, steel, and manufactured goods, unless a waiver is granted.

**Condition:**

During our audit of the City's Utilities Energy Efficiency Project, which is funded by Recovery Act Funds, the City disclosed to us that a vendor had installed parts that were not made in America.

**Context:**

The City contracted with a vendor under a contract that included a Buy American clause. Despite the inclusion of this provision, the City learned that certain parts installed by the vendor were not made in America. Upon discovering this information, the City notified the federal grantor agency, including management's position that the manufactured parts qualify for a Buy American exception, and requested a waiver. As of the completion of our audit, a decision on the waiver had not yet been made by the federal grantor agency and, accordingly, the City had not yet requested reimbursement from the agency for this purchase.

**Questioned Costs:**

Because the federal grantor agency is still deliberating the waiver request, there are no questioned costs associated with this finding.

**Recommendation:**

This finding is reported for disclosure purposes only. However, we recommend that the City obtain a Buy American waiver from the federal grantor agency as soon as possible.

**Management Response:**

Management concurs with the above finding and believes that the federal grantor agency will ultimately approve a waiver based on a Buy American exception.

**SECTION IV - PRIOR-YEAR AUDIT FINDINGS**

None Reported.

**City of Sanford Florida**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2011**

Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Grant Number / Pass Through Grantor's Number	Reimbursable Expenditures
<b>U.S. Department of Agriculture</b>			
Farmers' Market Promotion Program	10.168	12-25-G-0925	\$ 22,856
Passed through Florida Department of Education: Summer Food Service Program	10.559	04-0720	6,378
Total Department of Agriculture			<u>29,234</u>
<b>U.S. Department of Housing and Urban Development</b>			
Community Development Block Grant	14.218	Multiple	75,849
Passed through Seminole County: Community Development Block Grant - Georgetown Community	14.218	Program Year 2009 -2010	154,210
ARRA - Neighborhood Stabilization Program	14.256	B-11-MN-12-0035	20,770
Total Department of Housing and Urban Development			<u>250,829</u>
<b>U.S. Department of Justice</b>			
DEA Officer Reimbursement	16.580	DEA Orlando	17,202
Bulletproof Vest Grant - FY 2009	16.607	BPV 2009	3,305
ARRA - COPS Hiring Recovery Program	16.710	2009RKWX0251	362,019
BJA Edward Byrne Memorial Justice Assistance Grant Program	16.738	2010-DJ-BX-1562	28,929
Passed through the Florida Department of Law Enforcement: ARRA - Recovery Act Edward Byrne Memorial JAG	16.803	2010-ARRC-SEMI-6-W7-016	36,703
Total Department of Justice			<u>448,158</u>
<b>U.S. Department of Labor</b>			
Youthbuild Program	17.274	YB-19111-09-60-A-12	229,188
Total Department of Labor			<u>229,188</u>
<b>U.S. Department of Transportation</b>			
Passed through Florida Department of Transportation: Recreation Trails Program	20.219	RTP T27031	24,234
Total Department of Transportation			<u>24,234</u>
<b>U.S. Environmental Protection Agency</b>			
Passed through Florida Department of Environmental Protection: ARRA - State Revolving Fund Loan	65.458	SW586260	2,635
ARRA - State Revolving Fund Loan	66.458	WW590100	730,981
State Revolving Fund Loan	66.458	SW586261	348,288
State Revolving Fund Loan	66.458	WW590101	201,000
ARRA - State Revolving Fund Loan	66.468	DW590110	804,856
State Revolving Fund Loan	66.468	DW590120	1,464,409
Total Environmental Protection Agency			<u>3,552,169</u>
<b>U.S. Department of Energy</b>			
ARRA - Energy Efficiency and Conservation Block Grant	81.128	DE-SC00003175	116,999
Total Department of Energy			<u>116,999</u>
<b>U.S. Department of Health and Human Services</b>			
Passed through Florida Department of Community Affairs: LIHEAP Low Income Home Energy Assistance Program	93.568	10EA-8F-06-69-02-028	846,310
LIHEAP Low Income Home Energy Assistance Program	93.568	11EA-EU-06-69-02-028	419,631
Total Department of Health and Human Services			<u>1,265,941</u>
<b>U.S. Department of Homeland Security</b>			
Passed through Florida Division of Emergency Management: Hazard Mitigation Grant Program	97.039	09HM-06-06-69-02-007	363,996
Assistance to Firefighters Grant	97.044	EMW-2010-FO-01519	72,860
State Homeland Security Grant Program	97.067	010-DS-39-13-00-16-414	6,665
Total Department of Homeland Security			<u>443,521</u>
<b>Total Expenditure of Federal Awards</b>			<u><u>\$ 6,360,273</u></u>

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

**City of Sanford, Florida**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2011**

**Note 1 – Reporting Entity**

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

**Note 2 – Summary of Significant Accounting Policies**

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

**Note 3 – State Revolving Fund Loans**

The City had the following loan balances outstanding at September 30, 2011. The loan balance is also included in the Federal expenditures presented in the Schedule of Expenditures of Federal Awards.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Total Outstanding</u>
State Revolving Fund	66.458	SW586260	\$2,560,444
State Revolving Fund	66.458	WW590100	\$2,566,898
State Revolving Fund	66.458	SW586261	\$443,949
State Revolving Fund	66.458	WW590101	\$200,653
State Revolving Fund	66.468	DW590110	\$439,044
State Revolving Fund	66.468	DW590120	\$939,922



## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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

We have audited the financial statements of the City of Sanford, Florida (the "City"), as of and for the fiscal year ended September 30, 2011, and have issued our report thereon dated March 14, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have also issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters, Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 14, 2012, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The status of the recommendation made in the preceding annual financial audit report is reported on the following page under the heading *Prior Year Findings and Recommendations*.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we had the following recommendation, which was also reported in the preceding annual financial audit report:

**Prior Year Findings and Recommendations**

**2010-01 – Information Technology Assessment**

**Observation**

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

**Current Year Status**

This matter was not resolved during the current year.

**Criteria**

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

**Recommendation**

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

**Management Response**

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

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

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

- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority is disclosed in the notes to the financial statements.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2011, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2011. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based, in part, on representations made by management and the review of financial information provided by same.

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

*Moore Stephens Lovelace, P.A.*

**MOORE STEPHENS LOVELACE, P.A.**  
Certified Public Accountants

Orlando, Florida  
March 14, 2012

