

## **CITY OF WINTER GARDEN, FLORIDA**

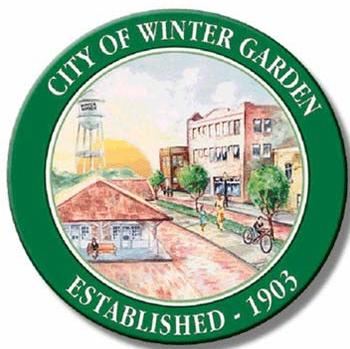


## **COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2005**



**CITY OF WINTER GARDEN, FLORIDA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For The Year Ended**  
**September 30, 2005**

**Prepared by:**  
**Finance Department**



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**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For The Year Ended September 30, 2005**

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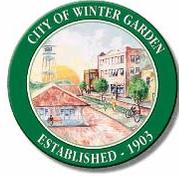
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# INTRODUCTORY SECTION



**LETTER OF TRANSMITTAL**

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**CERTIFICATE OF ACHIEVEMENT FOR  
EXCELLENCE IN FINANCIAL REPORTING**

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**ORGANIZATIONAL CHART**

—

**LIST OF ELECTED AND APPOINTED OFFICIALS**





# CITY OF WINTER GARDEN

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OFFICE OF THE CITY MANAGER

251 W. PLANT STREET

WINTER GARDEN, FL 34787

TEL: (407) 656-4111 • FAX (407) 656-4952

March 1, 2006

To the Honorable Mayor, Members of the City  
Commission, and the Citizens of the  
City of Winter Garden, Florida:

The Comprehensive Annual Financial Report (CAFR) of the City of Winter Garden, Florida (the “City”) for the fiscal year ended September 30, 2005 is hereby submitted. This report consists of management’s representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City’s financial statements in conformity with generally accepted accounting principles (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 of 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 Sines, Girvin, Blakeslee & Campbell, Certified Public Accountants, PA. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2005, 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 auditor 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, 2005, are fairly presented in all material respects in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are included in the Compliance and Internal Control Section of this report.

GAAP require 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 the 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***

The City, incorporated in 1903, is located in Central Florida in West Orange County. The City has experienced significant growth since 1999, which is expected to continue. The City currently occupies a land area of approximately seventeen square miles and serves a population of 24,610. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Commission (the “Commission”).

The City operates under the commission-manager form of government. Policy-making and legislative authority are vested in the Commission consisting of the Mayor and four commissioners. The Commission is responsible, among other things, for passing ordinances and resolutions, adopting the budget, authorizing indebtedness, appointing advisory boards, and hiring the City Manager, Attorney, and Auditor. The City Manager is responsible for carrying out the policies and ordinances of the Commission, for overseeing the day-to-day operations of the City, and for appointing the heads of various departments. The Commission is elected on a non-partisan basis. Commission members serve two-year staggered terms, with the Mayor and one Commissioner elected every two years and the other three Commissioners elected the following year. The Commissioners are elected by district, and the Mayor is elected at large.

The City provides a full range of services, including police and fire protection; the construction and maintenance of streets, sidewalks, and other infrastructure; planning, community, and economic development; cemetery management and maintenance; code enforcement and building inspections; parks maintenance; and recreational activities and cultural events. In addition, the City operates four enterprises: water and sewer service, solid waste collection service, stormwater service, and management of the City owned mobile home park.

The Commission is required to adopt a final budget by no later than the close of the fiscal year. This annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may transfer resources within the same fund with approval of the City Manager. Fund revenue and expenditure amounts may be increased or decreased by formal action of the City Commission following proper public notice. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated budget has been adopted. For the General Fund and major special revenue funds, this comparison is presented on pages 32-33 as part of the basic financial statements for the governmental funds. For nonmajor governmental funds with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 74. Also included in the governmental fund subsection are project-length budget-to-actual comparisons for each capital projects fund.

### *Local economy*

The City's economic environment is heavily influenced by the economy of Orlando and the Central Florida area. The unemployment rate for Orange County was 3.5 percent in 2005, as compared to 4.4 percent in 2004. With the strong housing market and the resurgence of the tourist industry in Central Florida, the regional economy appears strong. The improvement in the local economy has had, and should continue to have, a positive effect on the City.

One of the most significant factors affecting the local community is the rapid growth within the City. The population increased from 22,242 in 2004 to 24,610 in 2005. The City collects impact fees for roads, police, fire, recreation, and water and sewer to ensure growth pays a share of its cost.

The City completed renovations to its downtown business district in fiscal year 2003. These renovations included replacing the existing asphalt road with brick, installation of a water fountain and a clock tower, adding period street lighting, improvements to the sidewalks, increasing the parking in the downtown area, and other miscellaneous improvements. Property values in the area have increased, new restaurants have opened, and the downtown hotel began renting rooms for the first time in many years. It is expected that the downtown area will develop into the business and cultural center of West Orange County. This revitalization should have a positive impact on the entire community.

In fiscal year 2004, the City began an aggressive economic development and redevelopment plan, and for the fiscal year 2006 budget, an Economic Development Coordinator position was added. These efforts should work to ensure the long-term economic vitality of the community.

During the current fiscal year, the Commission passed ordinances to allow for the construction of a 1.15 million square foot regional open-air shopping center (the "Mall") and 350 residential units on 175 acres in the City's southern area that will be called Winter Garden Village at Fowler Groves. The Mall will be the largest of its kind in Central Florida, and is scheduled to open in fiscal year 2008. It is expected to draw shoppers from all of West Orange County and will create numerous jobs, in addition to providing convenient shopping for local residents.

### ***Long-term financial planning***

The City qualified for a State Revolving Fund Loan in fiscal year 2003 to upgrade the wastewater treatment plant on Fullers Cross Road. The upgrade was completed in the current fiscal year, increasing the capacity at the plant from two million gallons per day to four million gallons per day. This will enable the plant to meet the wastewater treatment needs of the City for many years to come. The original amount of the loan was \$10,810,898, due in semi-annual principal and interest installments of \$366,572 through July 15, 2024 at an interest rate of 2.82 percent.

The City entered into a tri-party agreement with Orange County and the developer of the Mall for major road improvements which will provide additional access to, and run through, the project. An additional \$400,000 funding commitment was obtained from the developer to provide additional parks in the City's southern area. The City is also working diligently with the State of Florida to move the widening of State Road 50, a major corridor through the City, up on their priority list of funded projects, as the Mall is expected to increase capacity on this roadway.

### ***Relevant financial policies***

It is the City's policy that it will keep investment maturities short in a period of constantly rising interest rates. Given that interest rates have been expected to rise, duration of investments was reduced during the fiscal year. Durations at the beginning of the fiscal year were 1.61 years for the governmental fund portfolio and 1.63 years for the enterprise fund portfolio, and 1.45 years and 1.52 years at the end of the fiscal year, respectively.

### ***Major initiatives***

In the current fiscal year, the City budgeted \$800,000 for the design of a new City Hall and hired a consultant to develop a design criteria package. This new building will have three floors and approximately 40,000 square feet of office space, which should accommodate City staff at build out. For the 2006 fiscal year budget, the Commission appropriated \$8.5 million in additional funds for the design and construction of this project. It is anticipated that \$6.7 million of this will be funded with debt. When the new City Hall is completed, it is envisioned that the Police Department will utilize the current City Hall for additional office space.

### ***Awards and Acknowledgements***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended September 30, 2004. This was the second consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current 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.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit must also be given to the Mayor and Commissioners for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Michael L. Bollhoefer, C.P.A.  
City Manager



Brian G. Strobeck, C.P.A.  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Winter Garden,  
Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2004

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.



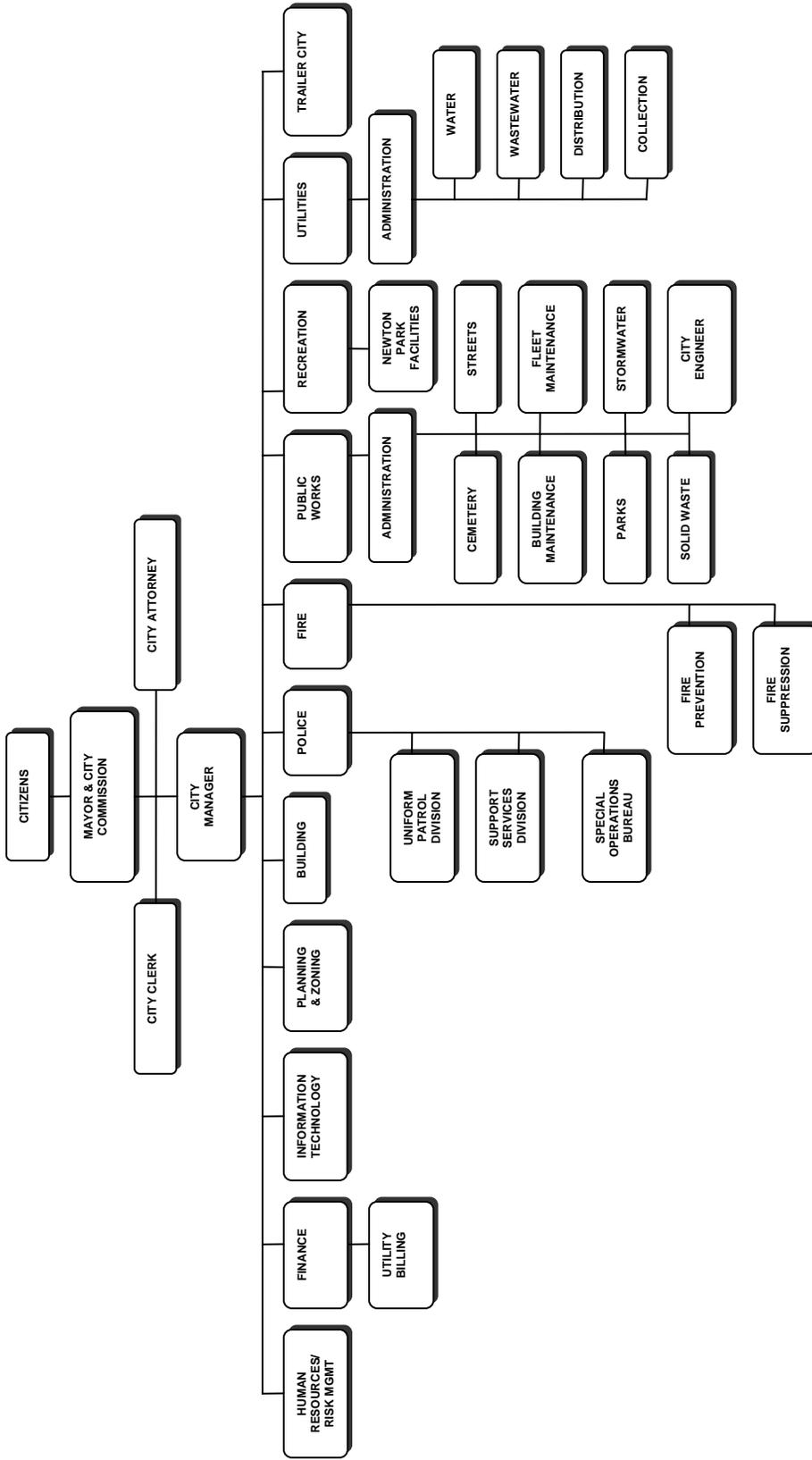
*Carla E. Perry*

President

*Jeffrey R. Emer*

Executive Director

# CITY OF WINTER GARDEN ORGANIZATION CHART



**CITY OF WINTER GARDEN, FLORIDA**  
**LIST OF ELECTED AND APPOINTED OFFICIALS**  
**As of September 30, 2005**

Elected Officials

Mayor	Jack L. Quesinberry
City Commissioner—District 1	Rodney E. Reynolds
City Commissioner—District 2	Theo E. Graham
City Commissioner—District 3	Mildred L. Dixon
City Commissioner—District 4	Carol Nichols

Appointed Officials

City Manager	Michael L. Bollhoefer
Assistant City Manager	G. Marshall Robertson, Jr.
City Clerk	Kathy Golden
City Attorney	Vacant
Finance Director	Brian G. Strobeck
Information Technology Director	Robert D. Reilly
Human Resource Director	Frank M. Gilbert
Planning Director	Mark A. Cechman
Building Official	Willie D. Herbert
Police Chief	George A. Brennan
Fire Chief	John W. Williamson, II
Public Works Director	Robert M. Smith
Recreation Director	Joseph H. Conn
City Engineer	Arthur R. Miller, III
Utilities Director	Fernand J. Tiblier



# FINANCIAL SECTION



Financial Section

**INDEPENDENT AUDITORS' REPORT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**BASIC FINANCIAL STATEMENTS**

**REQUIRED SUPPLEMENTARY INFORMATION**

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**





# Sines, Girvin, Blakeslee & Campbell

Certified Public Accountants, P.A.

800 South Dillard Street  
Winter Garden, FL 34787-3910  
Telephone 407 656-6611  
FAX 407 656-5372

## INDEPENDENT AUDITORS' REPORT

Honorable Mayor, Members of the  
City Commission and City Manager  
City of Winter Garden, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Winter Garden, Florida (the "City") as of and for the year ended September 30, 2005, 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of September 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and Impact Fee Fund 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 February 28, 2006 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants, agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, not to provide an opinion on the internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Honorable Mayor, Members of the  
City Commission and City Manager  
City of Winter Garden, Florida

Page Two

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section, and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

  
Sines, Girvin, Blakeslee & Campbell  
Certified Public Accountants, P.A.  
February 28, 2006

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

As management of the City of Winter Garden (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-5 of this report.

### Financial Highlights

- The assets of the City exceeded liabilities on September 30, 2005 by \$105,731,423. The unrestricted net assets on this date were \$36,822,245. These funds are available to meet the ongoing obligations of the City.
- The net assets of governmental activities on September 30, 2005 equaled \$45,698,225. Of this amount, \$14,214,099 was unrestricted. The net assets of business-type activities equaled \$60,033,198. Of this amount \$22,608,146 was unrestricted.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$21,644,264. Of this amount, \$19,081,512 is available for spending at the government's discretion (unreserved fund balance).
- Unreserved fund balance in the General Fund was \$9,086,094 at the end of the fiscal year, or 56 percent of total expenditures.
- Net assets in the Pension Trust Fund for General Employees increased \$1,322,045. Net assets in the Pension Trust Fund for Firefighters and Police Officers increased \$1,531,184.
- The City took on additional debt in the amount of \$1,355,175 (6 percent) during the current fiscal year. This increase was attributable to the State Revolving Fund loans for the expansion of the existing wastewater treatment plant and the planning, design, and construction of stormwater pollution control facilities.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other 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 statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, physical environment, transportation, economic environment, public assistance, and culture and recreation. The business-type activities of the City include water and sewer services, solid waste collection, stormwater services, and management of the City owned mobile home park.

The government-wide financial statements can be found on pages 25-27 of this report.

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

**Governmental Funds.** These 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 a government'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 eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Impact Fee Fund, both of which are considered to be major funds. Data from the other nine funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The city adopts an annual appropriated budget for its governmental funds. Budgetary comparison statements and schedules have been provided for these funds to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 28-33 of this report.

***Proprietary Funds.*** Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer utility, stormwater utility, solid waste collection operation, and the City owned mobile home park.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer utility, stormwater utility, solid waste collection operation, and the City owned mobile home park. The water and sewer utility and the solid waste collection operation are considered major funds of the City.

The basic proprietary fund financial statements can be found on pages 34-37 of this report.

***Fiduciary Funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement 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 38-39 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. The notes to the financial statements can be found on pages 41-66 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 67-68 of this report.

The combining statements referred to earlier in connection with nonmajor governmental and enterprise funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 70-86 of this report.

## **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$105,731,423 at the close of the

most recent fiscal year. The City's increase in net assets for this fiscal year amounts to \$15,567,939.

The largest portion of the City's net assets reflects its investment in capital assets, (e.g., land, buildings, improvements, and equipment), less any related debt used to acquire those assets that is still outstanding. They make up \$49,686,559 or 47 percent of total net 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.

<b>CITY OF WINTER GARDEN'S Net Assets</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Current and other assets	\$25,390,525	\$21,298,215	\$35,828,608	\$29,651,480	\$ 61,219,133	\$50,949,695
Capital assets	30,824,210	29,098,416	40,140,248	37,660,586	70,964,458	66,759,002
Total assets	<u>56,214,735</u>	<u>50,396,631</u>	<u>75,968,856</u>	<u>67,312,066</u>	<u>132,183,591</u>	<u>117,708,697</u>
Long-term liabilities						
outstanding	7,690,659	9,291,657	13,316,151	12,463,560	21,006,810	21,755,217
Other liabilities	2,825,851	2,491,968	2,619,507	3,298,028	5,445,358	5,789,996
Total liabilities	<u>10,516,510</u>	<u>11,783,625</u>	<u>15,935,658</u>	<u>15,761,588</u>	<u>26,452,168</u>	<u>27,545,213</u>
Net assets:						
Invested in capital assets,						
net of related debt	23,447,882	20,098,672	26,238,677	24,490,427	49,686,559	44,589,099
Restricted	8,036,244	8,875,461	11,186,375	6,726,971	19,222,619	15,602,432
Unrestricted	14,214,099	9,638,873	22,608,146	20,333,080	36,822,245	29,971,953
Total net assets	<u>\$45,698,225</u>	<u>\$38,613,006</u>	<u>\$60,033,198</u>	<u>\$51,550,478</u>	<u>\$105,731,423</u>	<u>\$90,163,484</u>

An additional portion of the City's net assets (18 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$36,822,245) may be used to meet the City's ongoing obligations to citizens and creditors.

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

There was a decrease of \$839,217 in restricted net assets reported in connection with the City's governmental activities. This decrease resulted from the use of restricted funds for debt repayment in the Impact Fee Fund.

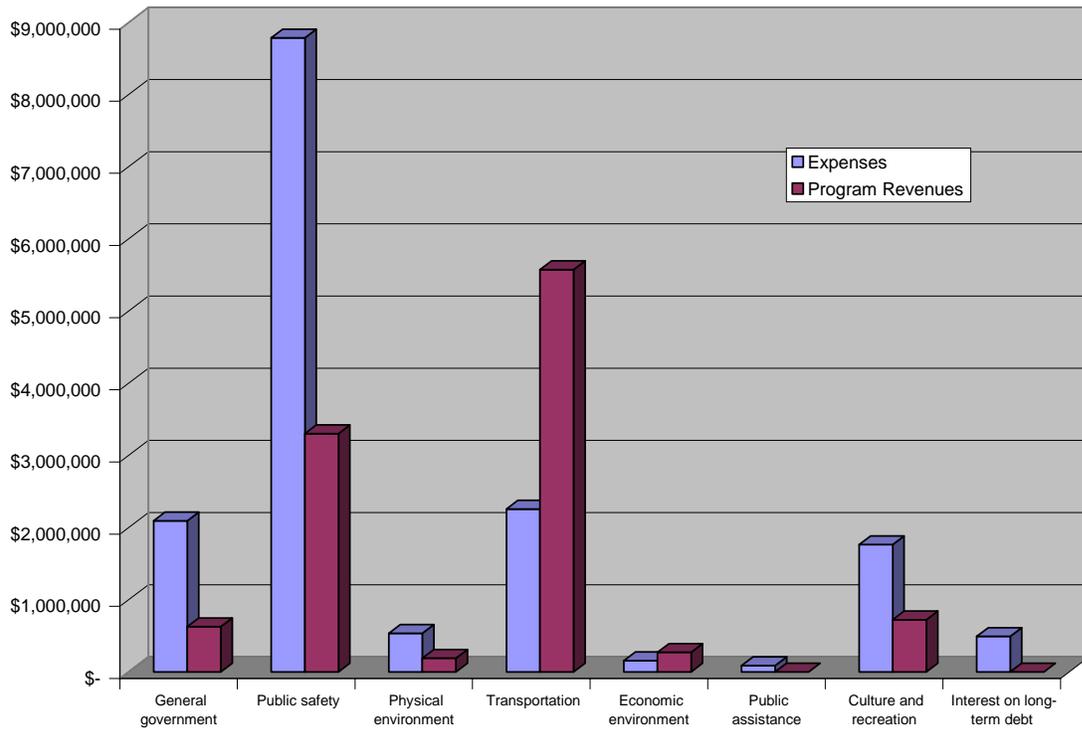
The City's net assets increased by \$15,567,939 during the current fiscal year. The majority of this increase represents the degree to which impact fee revenues have outstripped depreciation expense on capital assets purchased with impact fees.

**Governmental activities.** Governmental activities increased the City's net assets by \$7,085,219, thereby accounting for 46 percent of the total growth in net assets of the City. Key elements of this increase are as follows:

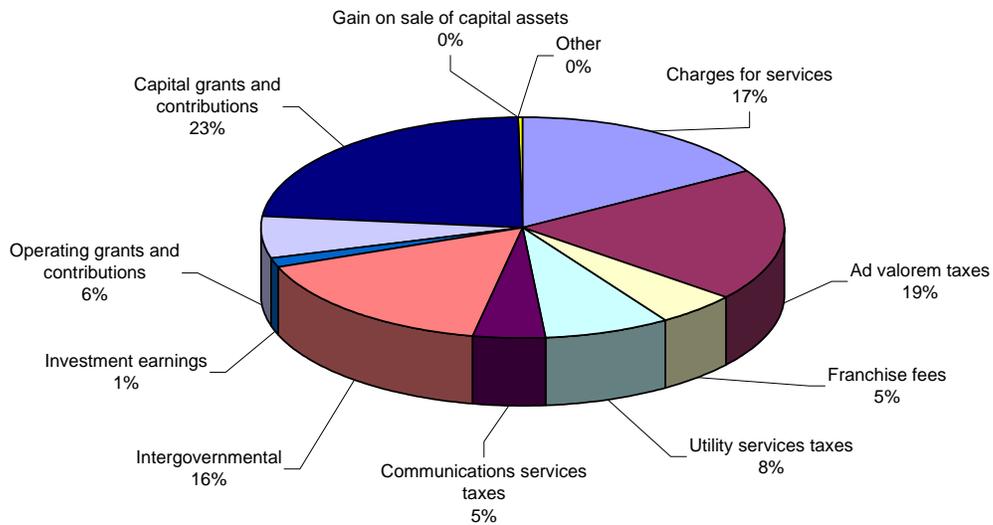
- The City completed studies for road, police, fire, and recreation impact fees during the prior fiscal year, and raised these fees significantly. These increases were phased in beginning August 1, 2004, with the full increase effective November 1, 2004.
- The City experienced rapid growth in new construction during the current fiscal year, resulting in the collection of \$4,738,914 for road, police, fire, and recreation impact fees. While these funds are used for major capital purchases, the related assets are depreciated

	CITY OF WINTER GARDEN'S Changes in Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for services	\$ 3,866,767	\$ 3,935,771	\$11,408,533	\$ 9,844,126	\$15,275,300	\$13,779,897
Operating grants and contributions	1,456,767	1,503,199	(12,912)	197,359	1,443,855	1,700,558
Capital grants and contributions	5,374,448	5,337,203	7,338,743	4,958,553	12,713,191	10,295,756
General revenues:						
Ad valorem	4,507,982	3,770,795	-	-	4,507,982	3,770,795
Franchise fees	1,191,851	1,008,447	-	-	1,191,851	1,008,447
Utility service taxes	1,798,561	1,571,435	-	-	1,798,561	1,571,435
Communication services taxes	1,055,864	925,309	-	-	1,055,864	925,309
Intergovernmental revenues	3,801,533	3,105,896	-	-	3,801,533	3,105,896
Investment earnings	266,479	166,875	142,967	122,842	409,446	289,717
Gain (loss) on sale of capital assets	13,099	239,065	(119,606)	10,700	(106,507)	249,765
Other	82,622	133,169	-	-	82,622	133,169
Total revenues	23,415,973	21,697,164	18,757,725	15,133,580	42,173,698	36,830,744
Expenses:						
General government	2,095,732	1,713,712	-	-	2,095,732	1,713,712
Public safety	8,786,447	6,939,815	-	-	8,786,447	6,939,815
Physical environment	535,512	542,696	-	-	535,512	542,696
Transportation	2,258,355	2,038,644	-	-	2,258,355	2,038,644
Economic environment	158,183	149,425	-	-	158,183	149,425
Public assistance	88,871	391,384	-	-	88,871	391,384
Culture and recreation	1,766,330	1,873,007	-	-	1,766,330	1,873,007
Interest on long-term debt	494,844	644,748	-	-	494,844	644,748
Water and sewer	-	-	6,975,769	5,852,648	6,975,769	5,852,648
Solid Waste	-	-	2,673,105	2,449,158	2,673,105	2,449,158
Stormwater	-	-	497,173	350,936	497,173	350,936
Mobile home lot rentals	-	-	275,438	184,199	275,438	184,199
Total expenses	16,184,274	14,293,431	10,421,485	8,836,941	26,605,759	23,130,372
Change in net assets before transfers	7,231,699	7,403,733	8,336,240	6,296,639	15,567,939	13,700,372
Transfers	(146,480)	61,981	146,480	(61,981)	-	-
Change in net assets	7,085,219	7,465,714	8,482,720	6,234,658	15,567,939	13,700,372
Net assets- beginning	38,613,006	31,147,292	51,550,478	45,315,820	90,163,484	76,463,112
Net assets- ending	\$45,698,225	\$38,613,006	\$60,033,198	\$51,550,478	\$105,731,423	\$90,163,484

### Expenses and Program Revenues - Governmental Activities



### Revenues by Source - Governmental Activities



over many years in the government-wide financial statements, or not depreciated at all in the case of land. Thus, the related expense is largely not recognized in the same year as the impact fee revenues are received. During high growth periods, this has the effect of increasing net assets.

**Business-type activities.** Business-type activities increased the City's net assets by \$8,482,720, accounting for 54 percent of the total growth in the City's net assets. A key element of this increase was rapid growth in new construction during the current fiscal year, resulting in the collection of \$6,868,623 for water and sewer impact fees. While these funds are used for major capital purchases, the related assets are depreciated over many years, or not depreciated at all in the case of land. Thus, the related expense is largely not recognized in the same year as the impact fee revenues are received. During high growth periods, this has the effect of increasing net assets.

### **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.

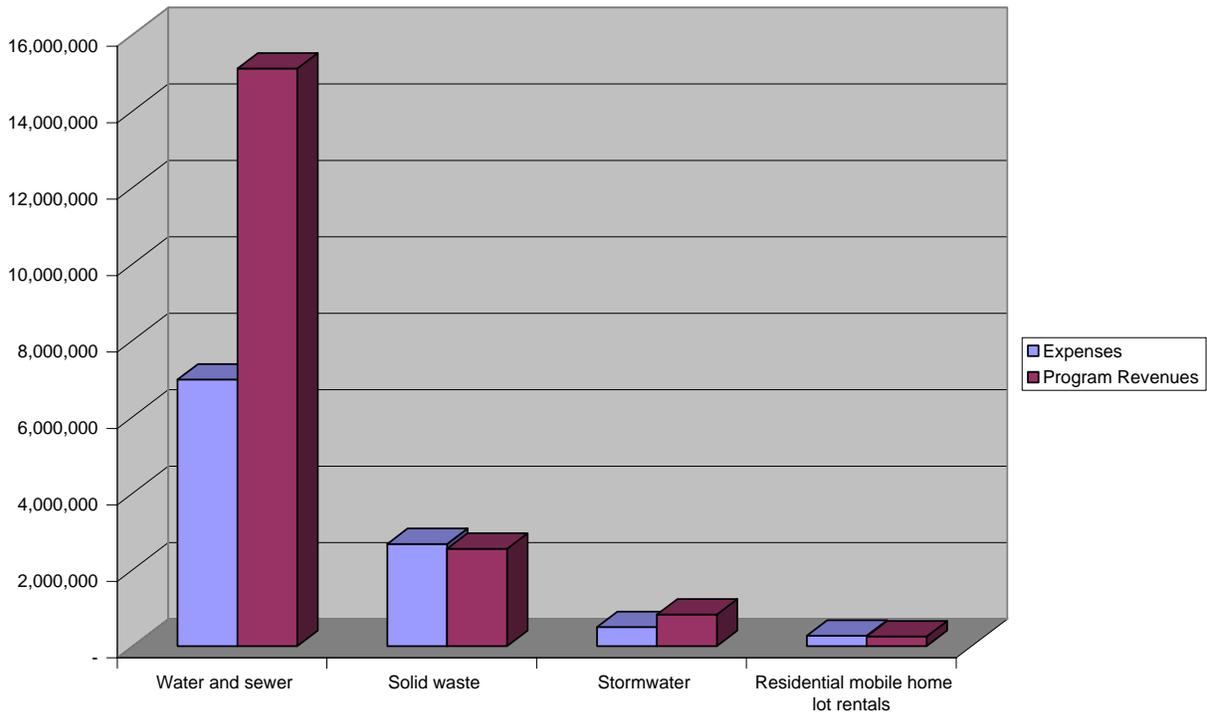
As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$21,644,264, an increase of \$3,725,586. Of this amount, \$19,081,512 is unreserved, which is available for spending at the City's discretion. The remaining fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) for advances to other funds (\$1,443,069), 2) for prepaid items (\$518,117), or 3) for a variety of other restricted purposes (\$601,566).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$9,086,094, while total fund balance was \$11,195,070. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 56 percent of general fund expenditures, while total fund balance represents 69 percent of the same amount.

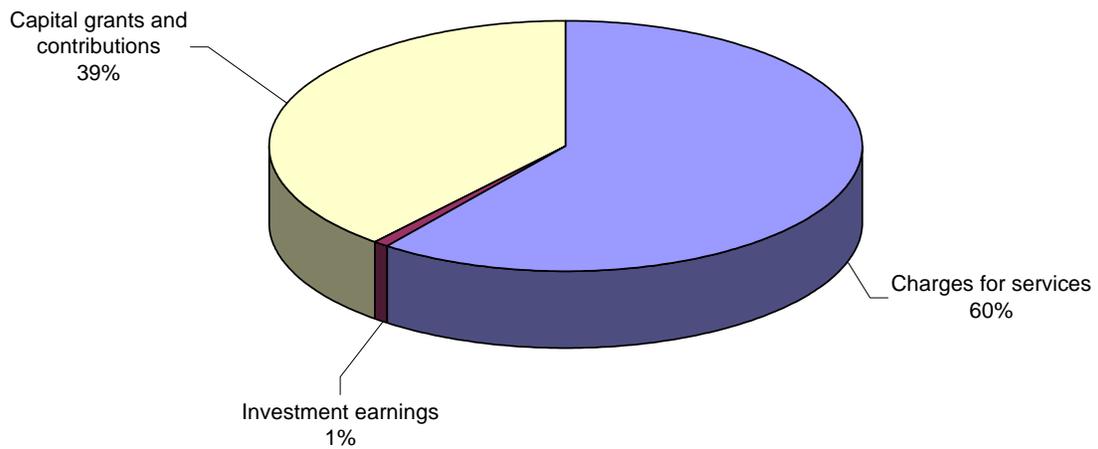
The fund balance of the City's General Fund increased by \$1,552,659 during the current fiscal year. Key factors in this growth are as follows:

- Financial and administrative expenditures were \$1,159,477 under budget. This was primarily due to amounts budgeted for the design of a new city hall (\$800,000) and the purchase of a property (\$443,000), of which only \$64,096 and \$308 were expended during the current fiscal year, respectively.

**Expenses and Program Revenues - Business-type Activities**



**Revenues by Source - Business-type Activities**



- Law enforcement expenditures were \$546,186 under budget. This was primarily due to position vacancies (\$352,741) and amounts budgeted for a records management system (\$266,712), of which only \$133,203 was expended during the current fiscal year.

The Impact Fee Fund is used to account for the receipt of police, fire, road, and recreation impact fees. The purpose of an impact fee is to assign, to the extent practical, growth-related capital costs to those new residents and businesses responsible for such costs. These fees are segregated by function (police, fire, road, and recreation) and are required to be used for capital projects and equipment purchases related to growth within each function. Fund balance increased \$2,053,770 in this fund. The key factor in this increase was that transportation expenditures were under budget by \$2,229,270. This was primarily due to amounts budgeted for right-of-way acquisition (\$1,745,000) and construction (\$1,743,906) for various road projects, of which only \$494,728 and \$764,908 were expended during the current fiscal year, respectively.

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

Unrestricted net assets of the Water and Sewer Utility Fund at the end of the year amounted to \$22,470,878. Total growth in net assets for this fund was \$8,155,291. Unrestricted net assets in the Solid Waste Fund at the end of the year amounted to \$277,916, with a decrease in net assets of \$128,235.

### **General Fund Budgetary Highlights**

The General Fund budget was increased by \$2,038,752 from the original budget to the final amended budget (an increase of 12%). These increases can be summarized as follows:

- \$712,576 increase in general government activities. This was primarily due to an increase of \$443,000 for the purchase of a property.
- \$1,119,906 increase in public safety activities. This was primarily due to increases for protective inspection activities, including building renovations (\$300,000), contract labor (\$254,438), and five new positions with related equipment (\$235,335).
- \$14,490 increase in physical environment activities.
- \$355,282 increase in transportation activities.
- \$3,850 increase in public assistance activities.
- \$169,750 increase in culture and recreation activities.
- \$487,102 decrease in reserve for contingencies.
- \$150,000 increase in transfers out.

Of this increase, \$1,007,682 was to be funded out of miscellaneous increases in tax revenues, fees, licenses and permits, intergovernmental revenues, charges for services, fines and forfeits, rents and royalties, and sales of capital assets, net of decreases in investment earnings and other revenues. The remaining \$1,031,070 was to be budgeted from available fund balance. During the year, however, revenues exceeded budgetary estimates and expenditures were less than budgetary estimates, thus eliminating the need to draw upon existing fund balance.

The final budget for intergovernmental revenue was \$3,400,865, while the actual amount was \$3,866,632, a variance of \$465,767. This was primarily due to greater than expected half-cent sales tax revenue sharing (\$440,563).

### Capital Asset and Debt Administration

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of September 30, 2005, amounts to \$70,964,458 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and machinery and equipment. The total increase in the City's investment in capital assets for the current fiscal year was six percent (a six percent increase for governmental activities and a seven percent increase for business-type activities).

Major capital asset events during the fiscal year included the following:

- Construction on the expansion of the wastewater treatment plant was completed; total design and construction costs were \$11,925,644 over a six year period.
- Work continued on the Trunk Line C utility and stormwater line upgrades, with phases one and two substantially completed; construction in progress as of the end of the current fiscal year had reached \$1,580,364.
- Construction of pond level monitoring and flow control improvements were completed during the fiscal year at a cost of \$449,858.
- Work continued on Stoneybrook West Parkway East; construction in progress as of the end of the current fiscal year had reached \$1,075,089.
- Through the power of eminent domain, land was acquired for the widening of Daniels Road at a cost of \$231,756 and for the widening of East Plant Street and related drainage improvements at a cost of \$257,600.

	CITY OF WINTER GARDEN'S Capital Assets		
	Governmental Activities	Business-type Activities	Total
Land	\$ 7,790,251	\$ 1,024,601	\$ 8,814,852
Buildings	4,222,817	6,139,206	10,362,023
Improvements other than buildings	1,776,224	15,595,095	17,371,319
Equipment and furniture	6,863,002	4,244,777	11,107,779
Infrastructure	16,805,783	22,912,360	39,718,143
Construction work in progress	3,506,206	3,467,120	6,973,326
Less: accumulated depreciation	(10,140,073)	(13,242,911)	(23,382,984)
Net capital assets	<u>\$30,824,210</u>	<u>\$ 40,140,248</u>	<u>\$ 70,964,458</u>

Additional information on the City's capital assets can be found in note IV.C.

**Long-term debt.** At the end of the current fiscal year, the City had total debt outstanding of \$20,851,872. Of this amount, \$7,301,362 comprises debt backed by the full faith and credit of the City. The remainder of the debt represents debt secured solely by specified revenue sources.

**CITY OF WINTER GARDEN'S Outstanding Debt, at year end**

Governmental:	
Series 2001 OOCEA Agreement	\$ 3,922,936
Series 2001 CRA Loan	3,378,426
Sub-total	<u>7,301,362</u>
Business Type:	
Series 2005 SRF Loan	24,336
Series 2004 SRF Loan	1,985,122
Series 2003 SRF Loan	10,561,645
Series 2001 SRF Loan	979,407
Sub-total	<u>13,550,510</u>
Total	<u><u>\$20,851,872</u></u>

The City's total debt decreased by \$641,936 (3 percent) during the current fiscal year. The key factor in this decrease was the \$1,254,615 prepayment on the OOCEA Agreement.

There are no limitations placed upon the amount of debt the City may issue either by the City's Charter, Code of Ordinances, or Florida Statutes. The City's Charter requires a voter referendum for general obligation bonds.

Additional information on the City's long-term liabilities can be found in Note *IV.F* in the notes to the financial statements.

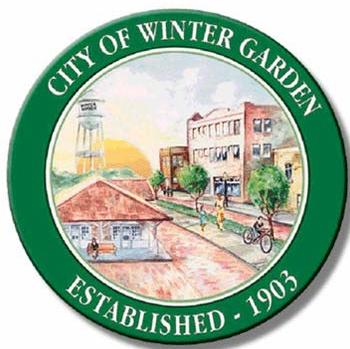
**Economic Factors and Next Year's Budgets and Rates**

The City is experiencing significant growth, thus the costs of providing governmental services have likewise been increasing; however, revenues have kept pace with the growth in costs. During the budget process for the fiscal year ending September 30, 2006, department heads focused on controlling costs and were successful in doing so. The City held its millage rate at 4.3040.

The City conducted studies in fiscal year 2004 to examine the rates for road, recreation, police, and fire impact fees. These studies resulted in significant increases in these fees that were phased in beginning August 1, 2004, with the full rates becoming effective November 1, 2004. The City completed a study in fiscal year 2005 to examine its stormwater rates. This study resulted in increases which will be phased in over a period of five years. The City implemented a 2.7% CPI increase for commercial solid waste and recycling on January 13, 2005.

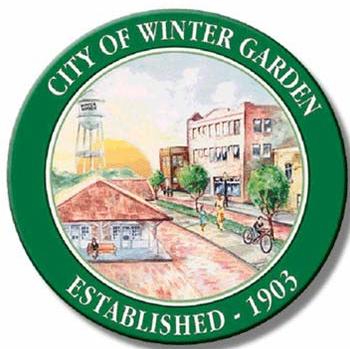
**Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 251 West Plant Street, Winter Garden, Florida, 34787.



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# **BASIC FINANCIAL STATEMENTS**



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**City of Winter Garden, Florida**  
**Statement of Net Assets**  
**September 30, 2005**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,943,851	\$ 1,669,720	\$ 5,613,571
Receivables (net of allowance for uncollectibles)	1,938,805	1,689,212	3,628,017
Internal balances	594,021	(594,021)	-
Due from other governmental units	927,121	38,247	965,368
Inventories	66,539	497,708	564,247
Investments	16,335,227	5,980,286	22,315,513
Prepaid items	518,117	-	518,117
Restricted cash, cash equivalents, and investments	-	26,547,456	26,547,456
Pension assets	1,066,844	-	1,066,844
Capital assets (net of accumulated depreciation):			
Land	7,790,251	1,024,601	8,814,852
Buildings	2,218,467	3,170,517	5,388,984
Improvements other than buildings	603,430	9,825,023	10,428,453
Equipment and furniture	2,438,988	1,167,759	3,606,747
Infrastructure	14,266,868	21,485,228	35,752,096
Construction work in progress	3,506,206	3,467,120	6,973,326
Total assets	<u>\$ 56,214,735</u>	<u>\$ 75,968,856</u>	<u>\$ 132,183,591</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 542,652	\$ 348,566	\$ 891,218
Contracts payable	1,400	11,488	12,888
Due to other governmental units	912,706	1,137	913,843
Accrued interest payable	243,613	215	243,828
Accrued wages payable	114,207	28,448	142,655
Deposits	91,725	-	91,725
Unearned revenue	480,908	50,134	531,042
Other current liabilities	438,640	-	438,640
Liabilities payable from restricted assets	-	2,179,519	2,179,519
Noncurrent liabilities:			
Due within one year	123,044	29,787	152,831
Due in more than one year	7,567,615	13,286,364	20,853,979
Total liabilities	<u>10,516,510</u>	<u>15,935,658</u>	<u>26,452,168</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	23,447,882	26,238,677	49,686,559
Restricted for:			
Public safety	1,856,856	-	1,856,856
Transportation	4,319,238	-	4,319,238
Culture and recreation	1,860,150	-	1,860,150
Debt service	-	560,282	560,282
Capital projects	-	9,839,650	9,839,650
Renewal and replacement	-	786,443	786,443
Unrestricted	14,214,099	22,608,146	36,822,245
Total net assets	<u>\$ 45,698,225</u>	<u>\$ 60,033,198</u>	<u>\$ 105,731,423</u>

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

**City of Winter Garden, Florida**  
**Statement of Activities**  
**For the Year Ended September 30, 2005**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Indirect Expenses Allocation</u>	<u>Program Revenues</u>		
			<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:					
General government	\$ 2,797,149	\$ (701,417)	\$ 608,267	\$ 19,910	\$ -
Public safety	8,786,447	-	2,168,160	300,870	835,525
Physical environment	799,253	(263,741)	193,267	(1,112)	-
Transportation	2,448,379	(190,024)	744,528	845,381	3,985,993
Economic environment	137,587	20,596	-	273,443	-
Public assistance	88,871	-	-	-	-
Culture and recreation	1,766,330	-	152,545	18,275	552,930
Interest on long-term debt	494,844	-	-	-	-
Total governmental activities	<u>17,318,860</u>	<u>(1,134,586)</u>	<u>3,866,767</u>	<u>1,456,767</u>	<u>5,374,448</u>
Business-type activities:					
Water and sewer	6,222,809	752,960	7,898,591	-	7,218,743
Solid waste	2,357,375	315,730	2,550,085	(12,912)	-
Stormwater	443,426	53,747	706,782	-	120,000
Residential mobile home lot rentals	263,289	12,149	253,075	-	-
Total business-type activities	<u>9,286,899</u>	<u>1,134,586</u>	<u>11,408,533</u>	<u>(12,912)</u>	<u>7,338,743</u>
Total Functions/Programs	<u>\$ 26,605,759</u>	<u>\$ -</u>	<u>\$ 15,275,300</u>	<u>\$ 1,443,855</u>	<u>\$ 12,713,191</u>

General revenues:  
Taxes:  
Ad valorem  
Franchise fees  
Utility services  
Communications services  
Unrestricted intergovernmental  
Investment earnings  
Gain (loss) on sale of capital assets  
Other  
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**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (1,467,555)	\$ -	\$ (1,467,555)
(5,481,892)	-	(5,481,892)
(343,357)	-	(343,357)
3,317,547	-	3,317,547
115,260	-	115,260
(88,871)	-	(88,871)
(1,042,580)	-	(1,042,580)
(494,844)	-	(494,844)
<u>(5,486,292)</u>	<u>-</u>	<u>(5,486,292)</u>
-	8,141,565	8,141,565
-	(135,932)	(135,932)
-	329,609	329,609
-	(22,363)	(22,363)
-	<u>8,312,879</u>	<u>8,312,879</u>
<u>(5,486,292)</u>	<u>8,312,879</u>	<u>2,826,587</u>
4,507,982	-	4,507,982
1,191,851	-	1,191,851
1,798,561	-	1,798,561
1,055,864	-	1,055,864
3,801,533	-	3,801,533
266,479	142,967	409,446
13,099	(119,606)	(106,507)
82,622	-	82,622
(146,480)	146,480	-
<u>12,571,511</u>	<u>169,841</u>	<u>12,741,352</u>
7,085,219	8,482,720	15,567,939
38,613,006	51,550,478	90,163,484
<u>\$ 45,698,225</u>	<u>\$ 60,033,198</u>	<u>\$ 105,731,423</u>

**City of Winter Garden, Florida  
Balance Sheet  
Governmental Funds  
September 30, 2005**

	<u>General</u>	<u>Impact Fee</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 860,775	\$ 1,903,304	\$ 1,179,772	\$ 3,943,851
Receivables (net of allowance for uncollectibles)	1,938,805	-	-	1,938,805
Due from other funds	11,464	-	-	11,464
Advances to other funds	1,443,069	-	-	1,443,069
Due from other governmental units	660,669	-	266,452	927,121
Investments	8,142,101	8,193,126	-	16,335,227
Prepaid items	518,117	-	-	518,117
Total assets	<u>\$ 13,575,000</u>	<u>\$ 10,096,430</u>	<u>\$ 1,446,224</u>	<u>\$ 25,117,654</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 484,182	\$ 29,080	\$ 29,390	\$ 542,652
Contracts payable	-	-	1,400	1,400
Due to other funds	-	-	11,464	11,464
Due to other governmental units	912,706	-	-	912,706
Accrued wages payable	113,629	-	578	114,207
Deposits	91,725	-	-	91,725
Deferred revenue	339,048	-	172,500	511,548
Other current liabilities	438,640	-	-	438,640
Advances from other funds	-	-	849,048	849,048
Total liabilities	<u>2,379,930</u>	<u>29,080</u>	<u>1,064,380</u>	<u>3,473,390</u>
Fund balances:				
Reserved for:				
Encumbrances	-	-	453,776	453,776
Police training and education	37,842	-	-	37,842
Television production equipment	30,000	-	-	30,000
Enforcement of Florida Building Code	79,948	-	-	79,948
Advances to other funds	1,443,069	-	-	1,443,069
Prepaid items	518,117	-	-	518,117
Unreserved (deficit), reported in:				
General fund	9,086,094	-	-	9,086,094
Special revenue funds	-	10,067,350	(71,932)	9,995,418
Total fund balances	<u>11,195,070</u>	<u>10,067,350</u>	<u>381,844</u>	<u>21,644,264</u>
Total liabilities and fund balances	<u>\$ 13,575,000</u>	<u>\$ 10,096,430</u>	<u>\$ 1,446,224</u>	<u>\$ 25,117,654</u>

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

**City of Winter Garden, Florida  
Reconciliation of the Balance Sheet of  
Governmental Funds to the Statement of Net Assets  
September 30, 2005**

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

Fund balances-total governmental funds	\$ 21,644,264
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	30,824,210
Inventories are recognized as an expenditure at the time of purchase in the governmental funds.	66,539
The pension assets resulting from contributions in excess of the annual required contribution in previous years are not financial resources and therefore are not reported in the funds.	1,066,844
Earned but deferred revenue is recognized as a liability in the governmental funds.	30,640
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(7,690,659)
Interest payable on long-term debt is not accrued in governmental funds; rather, it is recognized as an expenditure when due. These liabilities are reported in the statement of net assets	<u>(243,613)</u>
Net assets of governmental activities	<u>\$ 45,698,225</u>

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

**City of Winter Garden, Florida**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended September 30, 2005**

	<u>General</u>	<u>Impact Fee</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Taxes:				
Ad valorem	\$ 4,507,982	\$ -	\$ -	\$ 4,507,982
Franchise fees	1,191,851	-	-	1,191,851
Utility services	1,798,561	-	-	1,798,561
Communications services	1,055,864	-	-	1,055,864
Licenses and permits	2,827,208	-	-	2,827,208
Intergovernmental	3,866,632	180,000	1,772,510	5,819,142
Charges for services	1,801,451	-	-	1,801,451
Fines and forfeits	216,694	-	32,292	248,986
Investment earnings	224,340	142,860	42,139	409,339
Rents and royalties	144,304	-	-	144,304
Impact fees	-	4,738,914	-	4,738,914
Contributions and donations	10,650	28,245	-	38,895
Other	81,322	-	1,300	82,622
Total revenues	<u>17,726,859</u>	<u>5,090,019</u>	<u>1,848,241</u>	<u>24,665,119</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,905,301	-	-	2,905,301
Public safety	8,783,068	215,106	303,723	9,301,897
Physical environment	820,150	-	-	820,150
Transportation	1,861,822	1,259,636	760,102	3,881,560
Economic environment	-	-	(32,137)	(32,137)
Public assistance	88,871	-	-	88,871
Culture and recreation	1,678,466	161,507	-	1,839,973
Capital outlay	-	-	1,676	1,676
Debt service:				
Principal	22,378	1,254,614	346,424	1,623,416
Interest	4,780	145,386	225,279	375,445
Total expenditures	<u>16,164,836</u>	<u>3,036,249</u>	<u>1,605,067</u>	<u>20,806,152</u>
Excess of revenues over expenditures	<u>1,562,023</u>	<u>2,053,770</u>	<u>243,174</u>	<u>3,858,967</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	386,839	-	1,009,518	1,396,357
Transfers out	(409,302)	-	(1,133,535)	(1,542,837)
Sale of capital assets	13,099	-	-	13,099
Total other financing sources and (uses)	<u>(9,364)</u>	<u>-</u>	<u>(124,017)</u>	<u>(133,381)</u>
Net change in fund balances	1,552,659	2,053,770	119,157	3,725,586
Fund balances—beginning	9,642,411	8,013,580	262,687	17,918,678
Fund balances—ending	<u>\$ 11,195,070</u>	<u>\$ 10,067,350</u>	<u>\$ 381,844</u>	<u>\$ 21,644,264</u>

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

**City of Winter Garden, 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, 2005**

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

Net change in fund balances—total governmental funds	\$ 3,725,586
Governmental funds report revenues earned during the period but not yet available as a deferred revenue liability. However, in the statement of activities revenues are reported when earned.	(107,065)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	2,006,345
In the statement of activities, only the loss on the sale or scrap of capital assets is reported. However, 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.	(280,551)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.	1,623,416
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	96,383
In the governmental funds, purchases of inventories are reported as expenditures, whereas in the Statement of Activities, only the change in the balance of inventories is expensed.	<u>21,105</u>
Change in net assets of governmental activities	<u>\$ 7,085,219</u>

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

**City of Winter Garden, Florida**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual**  
**For the Year Ended September 30, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget— Positive (Neg)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Ad valorem	\$ 4,479,373	\$ 4,479,373	\$ 4,507,982	\$ 28,609
Franchise fees	950,000	950,000	1,191,851	241,851
Utility services	1,461,000	1,489,974	1,798,561	308,587
Communications services	916,000	916,000	1,055,864	139,864
Licenses and permits	2,308,000	2,714,025	2,827,208	113,183
Intergovernmental	2,845,885	3,400,865	3,866,632	465,767
Charges for services	1,749,044	1,753,544	1,801,451	47,907
Fines and forfeits	195,310	215,557	216,694	1,137
Investment earnings	308,000	295,807	224,340	(71,467)
Rents and royalties	98,900	130,330	144,304	13,974
Contributions and donations	2,000	2,000	10,650	8,650
Other	117,600	80,319	81,322	1,003
Total revenues	15,431,112	16,427,794	17,726,859	1,299,065
<b>EXPENDITURES</b>				
Current:				
General government:				
Legislative	72,286	72,286	75,238	(2,952)
Financial and administrative	2,652,146	3,360,410	2,200,933	1,159,477
Legal Counsel	160,000	160,000	294,018	(134,018)
Comprehensive Planning	302,329	306,641	335,112	(28,471)
Total general government	3,186,761	3,899,337	2,905,301	994,036
Public safety:				
Law enforcement	5,004,793	5,143,124	4,596,938	546,186
Fire control	2,730,126	2,904,628	2,826,741	77,887
Protective inspections	755,711	1,562,784	1,359,389	203,395
Total public safety	8,490,630	9,610,536	8,783,068	827,468
Physical environment:				
Cemetery	144,057	146,557	138,589	7,968
Building maintenance	379,290	391,280	378,901	12,379
Fleet maintenance	307,744	307,744	302,660	5,084
Total physical environment	831,091	845,581	820,150	25,431
Transportation:				
Engineering	620,595	636,177	655,625	(19,448)
Construction and maintenance	901,332	1,241,032	1,206,197	34,835
Total transportation	1,521,927	1,877,209	1,861,822	15,387
Public assistance	80,000	83,850	88,871	(5,021)
Culture and recreation	1,573,815	1,743,565	1,678,466	65,099
Reserve for contingencies	687,102	200,000	-	200,000
Debt service:				
Principal	22,377	22,377	22,378	(1)
Interest	4,780	4,780	4,780	-
Total expenditures	16,398,483	18,287,235	16,164,836	2,122,399
Excess (deficiency) of revenues over (under) expenditures	(967,371)	(1,859,441)	1,562,023	3,421,464
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	391,581	391,581	386,839	(4,742)
Transfers out	(260,222)	(410,222)	(409,302)	920
Sale of capital assets	3,000	14,000	13,099	(901)
Total other financing sources and (uses)	134,359	(4,641)	(9,364)	(4,723)
Net change in fund balances	(833,012)	(1,864,082)	1,552,659	3,416,741
Fund balances—beginning	9,642,411	9,642,411	9,642,411	-
Fund balances—ending	\$ 8,809,399	\$ 7,778,329	\$ 11,195,070	\$ 3,416,741

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

**City of Winter Garden, Florida**  
**Impact Fee Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual**  
**For the Year Ended September 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance with</b>
	<u>Original</u>	<u>Final</u>		<b>Final Budget—</b>
				<b>Positive (Neg)</b>
<b>REVENUES</b>				
Intergovernmental	\$ 180,000	\$ 180,000	\$ 180,000	\$ -
Investment earnings	85,000	135,536	142,860	7,324
Contributions and donations	-	-	28,245	28,245
Impact fees	<u>5,525,000</u>	<u>6,039,961</u>	<u>4,738,914</u>	<u>(1,301,047)</u>
Total revenues	<u>5,790,000</u>	<u>6,355,497</u>	<u>5,090,019</u>	<u>(1,265,478)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety:				
Law enforcement	108,022	285,653	178,325	107,328
Fire control	<u>726,200</u>	<u>726,200</u>	<u>36,781</u>	<u>689,419</u>
Total public safety	<u>834,222</u>	<u>1,011,853</u>	<u>215,106</u>	<u>796,747</u>
Transportation	<u>1,140,000</u>	<u>3,488,906</u>	<u>1,259,636</u>	<u>2,229,270</u>
Culture and recreation	<u>-</u>	<u>2,079,886</u>	<u>161,507</u>	<u>1,918,379</u>
Debt service:				
Principal	2,638,907	2,638,907	1,254,614	1,384,293
Interest	<u>278,973</u>	<u>278,973</u>	<u>145,386</u>	<u>133,587</u>
Total expenditures	<u>4,892,102</u>	<u>9,498,525</u>	<u>3,036,249</u>	<u>6,462,276</u>
Excess (deficiency) of revenues over (under) expenditures	<u>897,898</u>	<u>(3,143,028)</u>	<u>2,053,770</u>	<u>5,196,798</u>
Fund balances—beginning	<u>8,013,580</u>	<u>8,013,580</u>	<u>8,013,580</u>	<u>-</u>
Fund balances—ending	<u>\$ 8,911,478</u>	<u>\$ 4,870,552</u>	<u>\$ 10,067,350</u>	<u>\$ 5,196,798</u>

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

**City of Winter Garden, Florida**  
**Statement of Net Assets**  
**Proprietary Funds**  
**September 30, 2005**

<b>Business-type Activities—Enterprise Funds</b>				
	<b>Water and Sewer Utility</b>	<b>Solid Waste</b>	<b>Other Enterprise Funds</b>	<b>Totals</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 1,055,917	\$ 184,911	\$ 428,892	\$ 1,669,720
Accounts receivable (net of allowance for uncollectibles)	1,176,261	215,819	71,814	1,463,894
Due from other governmental units	29,182	9,065	-	38,247
Interest receivable	225,318	-	-	225,318
Inventories--materials and supplies	482,339	9,878	5,491	497,708
Investments	5,980,286	-	-	5,980,286
Restricted cash, cash equivalents, and investments for payment of current liabilities	<u>2,179,519</u>	<u>-</u>	<u>-</u>	<u>2,179,519</u>
Total current assets	<u>11,128,822</u>	<u>419,673</u>	<u>506,197</u>	<u>12,054,692</u>
Noncurrent assets:				
Restricted cash, cash equivalents, and investments:				
Capital projects	23,021,212	-	-	23,021,212
Renewal and replacement	786,443	-	-	786,443
Debt service	<u>560,282</u>	<u>-</u>	<u>-</u>	<u>560,282</u>
Total restricted	<u>24,367,937</u>	<u>-</u>	<u>-</u>	<u>24,367,937</u>
Capital assets:				
Land	700,149	261,152	63,300	1,024,601
Buildings	5,563,335	521,284	54,587	6,139,206
Improvements other than buildings	13,434,646	311,145	1,849,304	15,595,095
Equipment and furniture	2,158,479	1,778,585	307,713	4,244,777
Infrastructure	21,951,463	-	960,897	22,912,360
Construction work in progress	3,036,986	-	430,134	3,467,120
Less accumulated depreciation	<u>(10,937,919)</u>	<u>(1,447,276)</u>	<u>(857,716)</u>	<u>(13,242,911)</u>
Total capital assets (net of accumulated depreciation)	<u>35,907,139</u>	<u>1,424,890</u>	<u>2,808,219</u>	<u>40,140,248</u>
Total noncurrent assets	<u>60,275,076</u>	<u>1,424,890</u>	<u>2,808,219</u>	<u>64,508,185</u>
Total assets	<u>71,403,898</u>	<u>1,844,563</u>	<u>3,314,416</u>	<u>76,562,877</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	206,984	114,679	26,903	348,566
Contracts payable	-	-	11,488	11,488
Due to other governmental units	1,137	-	-	1,137
Compensated absences	22,053	4,109	3,625	29,787
Accrued interest payable	-	-	215	215
Accrued wages payable	18,751	6,451	3,246	28,448
Deferred revenue	46,680	-	3,454	50,134
Payable from restricted assets:				
Accounts payable	85,721	-	-	85,721
Notes and loans payable	327,646	-	-	327,646
Contracts payable	124,048	-	-	124,048
Accrued interest payable	350,847	-	-	350,847
Customer deposits	<u>1,291,257</u>	<u>-</u>	<u>-</u>	<u>1,291,257</u>
Total current liabilities	<u>2,475,124</u>	<u>125,239</u>	<u>48,931</u>	<u>2,649,294</u>
Noncurrent liabilities:				
Notes and loans payable	13,198,527	-	24,336	13,222,863
Compensated absences	42,875	16,518	4,108	63,501
Advances from other funds	-	-	594,021	594,021
Total noncurrent liabilities	<u>13,241,402</u>	<u>16,518</u>	<u>622,465</u>	<u>13,880,385</u>
Total liabilities	<u>15,716,526</u>	<u>141,757</u>	<u>671,396</u>	<u>16,529,679</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	22,030,119	1,424,890	2,783,668	26,238,677
Restricted for:				
Capital projects	9,839,650	-	-	9,839,650
Renewal and Replacement	786,443	-	-	786,443
Debt service	560,282	-	-	560,282
Unrestricted	<u>22,470,878</u>	<u>277,916</u>	<u>(140,648)</u>	<u>22,608,146</u>
Total net assets	<u>\$ 55,687,372</u>	<u>\$ 1,702,806</u>	<u>\$ 2,643,020</u>	<u>\$ 60,033,198</u>

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

**City of Winter Garden, Florida**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended September 30, 2005**

	<b>Business-type Activities—Enterprise Funds</b>			
	<b>Water and Sewer Utility</b>	<b>Solid Waste</b>	<b>Other Enterprise Funds</b>	<b>Totals</b>
Operating revenues:				
Licenses and permits	\$ 22,125	\$ -	\$ -	\$ 22,125
Charges for services	7,517,516	2,550,085	706,782	10,774,383
Other	358,950	-	253,075	612,025
Total operating revenues	7,898,591	2,550,085	959,857	11,408,533
Operating expenses:				
Personal services	1,915,631	599,716	288,412	2,803,759
Contractual services	692,947	1,277,063	98,161	2,068,171
Utilities	549,599	2,405	8,638	560,642
Supplies	1,166,117	139,127	17,748	1,322,992
Depreciation	980,015	207,168	124,762	1,311,945
Other services and charges	1,244,284	447,626	234,675	1,926,585
Total operating expenses	6,548,593	2,673,105	772,396	9,994,094
Operating income (loss)	1,349,998	(123,020)	187,461	1,414,439
Nonoperating revenues (expenses):				
Intergovernmental	16,441	(12,912)	120,000	123,529
Investment earnings	463,409	4,274	8,963	476,646
Impact fees	6,868,623	-	-	6,868,623
Gain (loss) on disposition of fixed assets	(116,004)	3,423	(7,025)	(119,606)
Interest expense	(427,176)	-	(215)	(427,391)
Total nonoperating revenues (expenses)	6,805,293	(5,215)	121,723	6,921,801
Income (loss) before transfers	8,155,291	(128,235)	309,184	8,336,240
Transfers in	-	-	150,000	150,000
Transfers out	-	-	(3,520)	(3,520)
Change in net assets	8,155,291	(128,235)	455,664	8,482,720
Total net assets—beginning	47,532,081	1,831,041	2,187,356	51,550,478
Total net assets—ending	\$ 55,687,372	\$ 1,702,806	\$ 2,643,020	\$ 60,033,198

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



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**City of Winter Garden, Florida**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2005**

<b>Business-type Activities—Enterprise Funds</b>				
	<b>Water and Sewer Utility</b>	<b>Solid Waste</b>	<b>Other Enterprise Funds</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 7,543,843	\$ 2,541,294	\$ 939,804	\$ 11,024,941
Payments to suppliers	(4,026,352)	(1,892,618)	(384,566)	(6,303,536)
Payments to employees	(1,934,916)	(604,428)	(295,899)	(2,835,243)
Payments to other governmental units	(13,496)	-	-	(13,496)
Net cash provided by operating activities	<u>1,569,079</u>	<u>44,248</u>	<u>259,339</u>	<u>1,872,666</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	-	-	150,000	150,000
Transfers to other funds	-	-	(3,520)	(3,520)
Interest paid on deposits	(38,043)	-	-	(38,043)
Net cash provided (used) by noncapital and related financing activities	<u>(38,043)</u>	<u>-</u>	<u>146,480</u>	<u>108,437</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from capital debt	1,330,839	-	24,336	1,355,175
Grants received	72,493	91,866	120,000	284,359
Purchases of capital assets	(3,598,677)	(255,353)	(534,575)	(4,388,605)
Principal paid on capital debt	(396,074)	-	-	(396,074)
Interest paid on capital debt	(617,415)	-	-	(617,415)
Proceeds from sales of capital assets	22,875	3,423	600	26,898
Impact fees received	6,868,623	-	-	6,868,623
Net cash provided (used) by capital and related financing activities	<u>3,682,664</u>	<u>(160,064)</u>	<u>(389,639)</u>	<u>3,132,961</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sales and maturities of investments	40,256,987	-	-	40,256,987
Purchase of investments	(45,586,846)	-	-	(45,586,846)
Interest received	787,932	4,274	8,963	801,169
Net cash provided (used) by investing activities	<u>(4,541,927)</u>	<u>4,274</u>	<u>8,963</u>	<u>(4,528,690)</u>
Net increase (decrease) in cash and cash equivalents	671,773	(111,542)	25,143	585,374
Cash and cash equivalents, October 1 (including \$1,817,885 for the water and sewer fund reported in restricted accounts)	<u>2,630,675</u>	<u>296,453</u>	<u>403,749</u>	<u>3,330,877</u>
Cash and cash equivalents, September 30 (including \$2,246,531 for the water and sewer fund reported in restricted accounts)	<u>\$ 3,302,448</u>	<u>\$ 184,911</u>	<u>\$ 428,892</u>	<u>\$ 3,916,251</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating income (loss)	\$ 1,349,998	\$ (123,020)	\$ 187,461	\$ 1,414,439
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	980,015	207,168	124,762	1,311,945
(Increase) in accounts receivable	(410,022)	(20,745)	(50,545)	(481,312)
Increase in allowance for uncollectible accounts	49,963	11,954	36,485	98,402
(Increase) in inventories--materials and supplies	(364,952)	(9,878)	(5,491)	(380,321)
Decrease in prepaid items	635	-	-	635
Decrease in other assets	9,255	-	4,723	13,978
Increase in customer deposits	21,341	-	-	21,341
Increase (decrease) in accounts payable	36,837	1,318	(17,150)	21,005
Increase in due to other governmental units	49	-	-	49
(Decrease) in accrued wages payable	(31,177)	(10,840)	(5,357)	(47,374)
(Decrease) in deferred revenue	(29,575)	-	(5,993)	(35,568)
(Decrease) in other current liabilities	(55,180)	(17,837)	(7,426)	(80,443)
Increase (decrease) in compensated absences	11,892	6,128	(2,130)	15,890
Total adjustments	<u>219,081</u>	<u>167,268</u>	<u>71,878</u>	<u>458,227</u>
Net cash provided by operating activities	<u>\$ 1,569,079</u>	<u>\$ 44,248</u>	<u>\$ 259,339</u>	<u>\$ 1,872,666</u>
<b>Noncash investing, capital, and financing activities:</b>				
(Decrease) in fair value of investments	(93,907)	-	-	-

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

**City of Winter Garden, Florida  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
September 30, 2005**

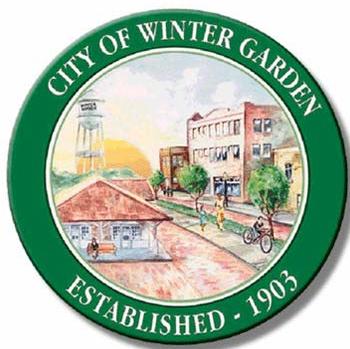
	<b>Pension Trust Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,065,729
Receivables:	
Employer	438,521
Retiree	9,197
Member	1,551
Interest and dividends	100,709
Total receivables	549,978
Due from other governmental units	172,500
Investments, at fair value:	
Fixed income securities	9,365,857
Equities	13,670,714
Total investments	23,036,571
Total assets	25,824,778
<b>LIABILITIES</b>	
Accounts payable	15,002
Deferred revenue	172,500
Total liabilities	187,502
<b>NET ASSETS</b>	
Held in trust for pension benefits	\$ 25,637,276

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

**City of Winter Garden, Florida**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended September 30, 2005**

	<b>Pension Trust Funds</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 1,501,985
Plan members	29,147
Excise tax proceeds	235,168
Total contributions	1,766,300
Investment earnings:	
Interest	477,481
Dividends	242,276
Net increase in the fair value of investments	1,436,784
Total investment earnings	2,156,541
Less investment expense	120,222
Net investment earnings	2,036,319
Total additions	3,802,619
<b>DEDUCTIONS</b>	
Benefits	905,148
Refunds	1,407
Administrative	42,835
Total deductions	949,390
Change in net assets	2,853,229
Net assets—beginning	22,784,047
Net assets—ending	\$ 25,637,276

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



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CITY OF WINTER GARDEN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
for the year ended September 30, 2005

**I. Summary of significant accounting policies**

The accounting policies of the City of Winter Garden (the “City”) conform to accounting principles generally accepted in the United States as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting board for establishing governmental accounting and financial reporting principles. The more significant of these accounting policies are summarized below.

**A. Reporting Entity**

The City was incorporated November 10, 1903 in the “Miscellaneous Record” Orange County volume 37, page 444, and reincorporated May 31, 1913 by the “Laws of Florida” chapter 6798. The City is a municipal corporation governed by a five-member City Commission comprised of the Mayor (elected at large) and four district Commissioners. The accompanying financial statements present the City and one component unit, an entity for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City’s operations, and their financial transactions are included as though they are part of the City.

**Blended component unit.** The Community Redevelopment Agency serves to renew economic interest and improve the commercial diversity and viability of a redevelopment area in and around the City’s downtown. The governing body of the Agency is made up of the City Commission, a sixth member appointed by the Orange County Board of County Commissioners, and a seventh member appointed by the City Commission. The Agency is presented as a special revenue fund and does not prepare individual financial statements.

**B. Government-wide and fund financial statements**

Government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the City and its component unit. For the most part, 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.

The statement of activities presents a comparison between direct expenses and program revenues for each function or segment of the City’s governmental activities. *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*.

CITY OF WINTER GARDEN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
for the year ended September 30, 2005

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

**C. Measurement focus, basis of accounting, and financial statement presentation**

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a 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 associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Impact Fee Fund* accounts for the receipt and disbursement of police, fire, transportation, and recreation impact fees, used exclusively for capital projects (or related debt service).

The City reports the following major proprietary funds:

CITY OF WINTER GARDEN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
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The *Water and Sewer Utility Fund* accounts for the activities of the City's water treatment plants, the water distribution system, the sewage pumping stations and collection systems, and the sewage treatment plant.

The *Solid Waste Fund* accounts for the activities of the City's residential and commercial collection system and the costs of disposal fees charged at the County landfill.

Additionally, the government reports the following fund type:

The *Pension Trust Funds* account for the activities of the Pension Plan for General Employees and the Pension Plan for Firefighters and Police Officers, which provide disability and retirement benefits for its qualified employees and retirees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this general rule is charges between the City's water and sewer function 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. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* 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 City's enterprise funds are charges to customers for sales and services. The Water and Sewer Utility Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise 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 non-operating revenues and expenses.

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.

CITY OF WINTER GARDEN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
for the year ended September 30, 2005

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States requires management to make use of estimates that affect reported amounts in the basic financial statements. Actual results could differ from those estimates.

**D. Assets, liabilities, and net assets or equity**

***1. Deposits and investments***

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The City maintains a cash and investment pool that is utilized by all funds except those that require separate accounts. Each pooled cash fund is allocated interest on ending monthly cash balances held by the fund throughout the year.

State statutes authorize the City to invest in the State Board of Administration's Local Government Surplus Funds Trust Fund (SBA pool), United States government securities, United States government agencies, federal instrumentalities, non-negotiable interest bearing time certificates of deposit, repurchase agreements, bankers' acceptances, commercial paper, state and local government taxable and tax-exempt debt, registered investment companies, and intergovernmental investment pools.

The City's investments are reported at fair value. Investments in the SBA pool, an external 2a7-like investment pool, are stated at share price. SBA pool shares are based on amortized cost, which approximates fair market value. The Office of the Auditor General of the State of Florida performs the operational audit of the activities and investments of the SBA pool.

***2. Receivables and payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 90 days and half of those between 60 and 90 days comprise the trade accounts receivable allowance for uncollectibles. Property taxes

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NOTES TO FINANCIAL STATEMENTS  
for the year ended September 30, 2005

receivable in excess of 21 months and half of those between nine months and 21 months comprise the property taxes receivable allowance for uncollectibles.

**3. *Inventories and prepaid items***

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**4. *Restricted assets***

Certain resources of the Water and Sewer Utility Fund are classified as restricted assets on the statement of net assets because their use is limited to the repayment of customer deposits, to capital projects to expand the capacity of the system, and to meet unexpected contingencies or to fund asset renewals and replacements. Certain proceeds of the Water and Sewer Utility Fund's loan agreements, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because their use is limited by applicable loan agreement covenants. These resources are set aside to subsidize potential deficiencies from the Fund's operation that could adversely affect debt service payments and to segregate resources accumulated for debt service payments over the next six months.

**5. *Capital assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$750 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the City are depreciated using the straight line method over the following estimated useful lives:

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 NOTES TO FINANCIAL STATEMENTS  
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Assets	Years
Buildings	50
Building improvements	15-25
Public domain infrastructure	25-50
System infrastructure	15-25
Vehicles	5-10
Office equipment	5
Computer equipment	5

**6. *Compensated absences***

It is the City’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City’s policy is to only pay these amounts when employees separate from service with the City due to normal or early retirement. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**7. *Long-term obligations***

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

**8. *Fund equity***

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

**E. *Property taxes***

For property taxes budgeted for the fiscal year ended September 30, 2005, all property was assessed according to its fair market value on January 1, 2004, and a lien was placed on the property for taxes at that time. The tax levy of the City was established by the City Commission on September 21, 2004. Tax bills were rendered November 1, 2004, and unpaid

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NOTES TO FINANCIAL STATEMENTS  
for the year ended September 30, 2005

taxes became delinquent on April 1, 2005. On or prior to June 1, 2005, tax certificates were sold for all delinquent taxes on real property.

**F. New accounting pronouncements**

Effective October 1, 2004, the City adopted the provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. The effect of this adoption was to modify the note disclosures relating to deposit and investment risk.

**II. Reconciliation of government-wide and fund financial statements**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets**

The governmental fund balance sheet includes reconciliation between *fund balance—total governmental funds* and *net assets—governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$7,690,659 difference are as follows:

Bonds, notes, and long-term agreements payable	\$7,301,362
Capital lease payable	74,966
Compensated absences	<u>314,331</u>
Net adjustment to reduce <i>fund balance—total governmental funds</i> to arrive at <i>net assets—governmental activities</i>	<u>\$7,690,659</u>

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances—total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$2,006,345 difference are as follows:

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NOTES TO FINANCIAL STATEMENTS  
for the year ended September 30, 2005

Capital outlay	\$3,733,042
Depreciation expense	<u>(1,726,697)</u>
Net adjustment to increase <i>net changes in fund balances—total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$2,006,345</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.” The details of this \$1,623,416 difference are as follows:

Principal repayments:	
Capital leases	\$ 22,378
Intergovernmental agreements	1,254,614
Revenue notes	173,053
Revenue bonds	<u>173,370</u>
Net adjustment to decrease <i>net changes in fund balances—total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$1,623,416</u>

Another element of that reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$96,383 difference are as follows:

Compensated absences	\$ ( 22,418)
Accrued interest	(119,399)
Pension asset	<u>238,200</u>
Net adjustment to decrease <i>net changes in fund balances—total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 96,383</u>

**III. Budgetary compliance and accountability**

**A. Budgetary information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principals for all governmental funds except the capital projects funds, which adopt project-length budgets. All annual appropriations lapse at fiscal year end.

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NOTES TO FINANCIAL STATEMENTS  
for the year ended September 30, 2005

On or before July 31 of each year, all departments of the City submit requests for appropriations to the City Manager so that a budget may be prepared. Before August 31, the proposed budget is presented to the City Commission for review. The Commission holds public hearings and a final budget must be prepared and adopted no later than September 30.

The appropriated budget is prepared by fund, function, and department. The City Manager may make transfers of appropriations within a fund. Any revisions that alter the total expenditures of any fund must be approved by the City Commission. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. The Commission made several supplemental budgetary appropriations throughout the year, totaling \$9,360,934 in the governmental funds. These were primarily due to encumbrances outstanding at the end of the 2004 fiscal year, reappropriation of funds for construction contracts, and unanticipated sales and purchases of capital assets.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

**B. Excess of expenditures over appropriations**

For the year ended September 30, 2005, expenditures in the Law Enforcement Trust Fund exceeded appropriations by \$97. These over expenditures were funded by greater than anticipated revenues.

**C. Deficit fund equity**

The Community Redevelopment Agency Fund had a deficit fund balance of \$529,115 as of September 30, 2005. This was due to a transfer of \$1,200,000 to the Downtown Renovations Capital Projects Fund in fiscal year 2003, which was funded by a corresponding interfund loan from the General Fund.

**IV. Detailed notes on all funds**

**A. Deposits and investments**

As of September 30, 2005, the City had the following investments:

CITY OF WINTER GARDEN, FLORIDA  
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<u>Investment Type</u>	<u>Government-wide</u>		<u>Pension Trust Funds</u>	
	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Cash	\$ -	0.00	\$ 8,539	0.00
Money Market Funds	-	0.00	2,057,188	0.00
United States Government Securities	17,395,239	1.59	3,197,192	2.89
United States Government Agencies	28,835,540	1.47	1,184,581	11.00
Repurchase agreements	3,807,424	0.00	-	0.00
Local Government Surplus Funds Investment Pool Trust Fund	<u>4,368,625</u>	NA	-	NA
Total fair value—Government-wide	<u>\$54,406,828</u>			
Portfolio weighted average maturity		1.29		3.45
Equities			<u>13,670,714</u>	
Total fair value—Pension Trust Funds			<u>\$20,118,214</u>	

*Interest rate risk, credit risk, and concentration of credit risk.* In accordance with its investment policy, the City manages its exposure to (1) interest rate risk, and thus declines in fair values, by limiting the maximum length to maturity of investments; (2) credit risk by limiting the minimum credit quality of investments, as rated by nationally recognized statistical rating organizations (NRSROs); and (3) concentration of credit risk by limiting the maximum percentage that may be invested with a single issuer. These limitations are as follows:

CITY OF WINTER GARDEN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
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<u>Investment Type</u>	<u>Government-wide</u>		
	<u>Maximum Length to Maturity (Years)</u>	<u>Minimum Credit Quality (Moody's/S&amp;P)</u>	<u>Maximum Percent with a Single Issuer</u>
Florida Local Government Surplus Trust Fund	NA	NA	75%
United States Government Securities	5.00	NA	100
United States Government Agencies	5.00	NA	25
Federal Instrumentality's	5.00	NA	25
Non-negotiable interest bearing time certificates of deposit	1.00	NA	25
Repurchase agreements	0.16	NA	25
Commercial paper	0.49	Prime-1/A-1	15
State and/or local government debt	3.00	Aa/AA or MIG-2/SP-2	20
Fixed income money market mutual funds	NA	NA	25
Intergovernmental investment pool	NA	NA	25
	<u>Pension Trust Funds</u>		
Time, savings, and money market deposits	No Maximum	P1/A1	Up to FDIC insurance limits
United States Government and Agency Securities	No Maximum	NA	100
Domestic Corporate bonds	No Maximum	A/A	10
Domestic Equities and foreign securities	NA	NA	5

NA=Not Applicable

*Custodial credit risk - deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of September 30, 2005, the City's carrying amount of deposits was \$(317,874) and the bank balance was \$525,353. Of the bank balance, \$100,000 was covered by federal depository insurance, and \$425,353 was covered by the State of Florida Collateral Pool. Florida Statutes authorize, and the State administers, a collateral pool that ensures no loss of public funds.

*Custodial credit risk - investments.* 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 or collateral securities that are in the possession of an outside party. As of September 30, 2005, the City's investments were not exposed to custodial credit risk because all securities were held by the City's agent in the City's name.

CITY OF WINTER GARDEN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
for the year ended September 30, 2005

**B. Receivables**

Receivables as of year end for the government's individual major funds and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Water and Sewer Utility</u>	<u>Solid Waste</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 237,394	\$ -	\$ -	\$ -	\$ 237,394
Accounts	211,979	1,328,739	262,854	592,463	2,396,035
Notes	1,500,000	-	-	-	1,500,000
Interest	<u>119,504</u>	<u>225,318</u>	<u>-</u>	<u>100,709</u>	<u>445,531</u>
Gross receivables	2,068,877	1,554,057	262,854	693,172	4,578,960
Less: allowance for Uncollectibles	<u>(130,072)</u>	<u>(152,478)</u>	<u>(47,035)</u>	<u>(71,380)</u>	<u>(400,965)</u>
Net total receivables	<u>\$1,938,805</u>	<u>\$ 1,401,579</u>	<u>\$215,819</u>	<u>\$621,792</u>	<u>\$4,177,995</u>
Reported in:					
Governmental Activities	\$1,938,805	\$ -	\$ -	\$ -	\$1,938,805
Business-type Activities	-	1,401,579	215,819	71,814	1,689,212
Fiduciary funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>549,978</u>	<u>549,978</u>
Net total receivables	<u>\$1,938,805</u>	<u>\$1,401,579</u>	<u>\$ 215,819</u>	<u>\$621,792</u>	<u>\$4,177,995</u>

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Federal Emergency Management Agency reimbursements	\$ 30,640	
Police and fire premium taxes	172,500	
Customer credit balances		\$ 6,106
Developer agreements		282,642
Developer escrow accounts		19,660
Total deferred revenue for governmental funds	<u>\$203,140</u>	<u>\$308,408</u>

CITY OF WINTER GARDEN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
for the year ended September 30, 2005

Proprietary funds report *deferred revenue* in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, *deferred revenue* reported in the proprietary funds was as follows:

	<b>Unearned</b>
Customer credit balances	<b>\$50,134</b>

**C. Capital assets and construction commitments**

Capital asset activities for the year ended September 30, 2005 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 7,087,712	\$ 702,539	\$ -	\$ 7,790,251
Construction in progress	2,178,864	1,327,342	-	3,506,206
Total capital assets, not being depreciated	9,266,576	2,029,881	-	11,296,457
Capital assets, being depreciated:				
Buildings	4,122,715	100,101	-	4,222,816
Improvements other than buildings	1,699,024	77,200	-	1,776,224
Machinery and equipment	6,203,033	1,010,060	(350,091)	6,863,002
Infrastructure	16,493,236	312,547	-	16,805,783
Total capital assets, being depreciated	28,518,008	1,499,908	(350,091)	29,667,825
Less accumulated depreciation for:				
Buildings	(1,741,238)	(263,111)	-	(2,004,349)
Improvements other than buildings	(1,079,368)	(88,364)	(5,062)	(1,172,794)
Machinery and equipment	(4,080,007)	(618,380)	274,373	(4,424,014)
Infrastructure	(1,785,555)	(756,842)	3,482	(2,538,915)
Total accumulated depreciation	(8,686,168)	(1,726,697)	272,793	(10,140,072)
Total capital assets, being depreciated, net	19,831,840	(226,789)	(77,298)	19,527,753
Governmental activities capital assets, net	\$ 29,098,416	\$ 1,803,092	\$ (77,298)	\$30,824,210

CITY OF WINTER GARDEN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
for the year ended September 30, 2005

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities</b>				
Capital assets, not being depreciated:				
Land	\$ 1,024,601	\$ -	\$ -	\$ 1,024,601
Construction in progress	20,175,235	2,835,413	(19,543,528)	3,467,120
Total capital assets, not being depreciated	21,199,836	2,835,413	(19,543,528)	4,491,721
Capital assets, being depreciated:				
Buildings and infrastructure	14,027,331	15,032,735	(8,500)	29,051,566
Improvements other than buildings	10,328,268	5,266,827	-	15,595,095
Machinery and equipment	4,506,571	337,992	(599,786)	4,244,777
Total capital assets, being depreciated	28,862,170	20,637,554	(608,286)	48,891,438
Less accumulated depreciation for:				
Buildings and infrastructure	(3,822,249)	(573,572)	-	(4,395,821)
Improvements other than buildings	(5,420,635)	(349,437)	-	(5,770,072)
Machinery and equipment	(3,158,536)	(388,936)	470,454	(3,077,018)
Total accumulated depreciation	(12,401,420)	(1,311,945)	470,454	(13,242,912)
Total capital assets, being depreciated, net	16,460,750	19,325,609	(137,832)	35,648,527
Business-type activities capital assets, net	\$ 37,660,586	\$22,161,022	\$(19,681,360)	\$40,140,248

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:	
General government	\$ 230,839
Public safety	399,455
Physical environment	35,422
Transportation	643,045
Economic environment	193,983
Culture and recreation	<u>223,953</u>
Total depreciation expense—governmental activities	<u>\$1,726,697</u>
Business-type activities:	
Water and sewer	\$980,015
Solid waste	207,168
Stormwater	110,484
Residential mobile home lot rentals	<u>14,278</u>
Total depreciation expense—business-type activities	<u>\$1,311,945</u>

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The City has active construction projects as of September 30, 2005. The projects include street and storm drain rehabilitation; reclaimed water storage design; reclaimed water line design; and utility and stormwater line upgrades. At year end the City's commitments with contractors were as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Street and storm drain rehabilitation	\$ 14,000	\$549,000
Reclaimed water storage design	5,606	212,064
Reclaimed water line design	3,025	118,900
Utility and stormwater line upgrades	1,355,367	116,752
Total	<u>\$1,377,998</u>	<u>\$996,716</u>

The commitment for the street and storm drain rehabilitation is being funded by local option gasoline taxes and stormwater charges for services. The commitments for the reclaimed water storage design and the reclaimed water line design are being financed by sewer impact fees. The commitment for the utility and stormwater line upgrades are being financed by water and sewer impact fees, utility renewal and replacement restricted funds, and stormwater charges for services.

**D. Interfund receivables, payables, and transfers**

The composition of interfund balances as of September 30, 2005, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental fund	\$11,464

The outstanding balances between funds result from the time lag between the dates that grant related expenditures occur and the receipt of the grant funds in the Law Enforcement Grants Special Revenue Fund.

Advances to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor enterprise fund	\$ 594,021
	Community Redevelopment Agency	849,048
Total		<u>\$1,443,069</u>

Balances reported between the General Fund and the nonmajor enterprise fund were to allow the Stormwater Utility Fund to meet its current obligations in its initial years. Balances reported between the General Fund and the Community Redevelopment Agency Fund were

CITY OF WINTER GARDEN, FLORIDA  
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for the origination of the Community Redevelopment Agency and for transfers to the Downtown Renovations Capital Projects Fund.

There is no set repayment schedule for the advance payable from the Nonmajor enterprise fund. There are two advances payable from the Community Redevelopment Agency Fund. One has a balance of \$12,419 with two annual installments remaining. The other has a balance of \$836,630 with 36 semi-annual installments remaining.

Interfund transfers:

Transfer out:	Transfer In:			
	General Fund	Nonmajor Governmental	Nonmajor Enterprise	Total
General Fund	\$ -	\$259,302	\$150,000	\$ 409,302
Nonmajor governmental funds	383,319	750,216	-	1,133,535
Nonmajor enterprise funds	3,520	-	-	3,520
Total transfers out	\$386,839	\$1,009,518	\$150,000	\$1,546,357

Transfers from the General Fund to nonmajor governmental funds were for the City's contribution of tax increment revenues to the Community Redevelopment Agency Fund (\$229,080) and a matching contribution to the Law Enforcement Block Grant Fund (\$30,222). Transfers from the General Fund to nonmajor enterprise funds were for the purchase and removal of trailers in the Trailer City Fund. Transfers from nonmajor governmental funds to the General Fund were for excess funds in the State Revenue Sharing Fund. Transfers from nonmajor governmental funds to nonmajor governmental funds were for excess funds in the Downtown Renovations Capital Project Fund (\$283,363) and debt service (\$466,853). Transfers from nonmajor enterprise funds to the General Fund were a transfer of profits from the Trailer City Fund.

**E. Leases**

Operating Leases

The City leases vehicles, holiday decorations, and other equipment under noncancelable operating leases. Total costs for such leases were \$140,216 for the year ended September 30, 2005. The future minimum lease payments for these leases are as follows:

Year Ending September 30	Amount
2006	\$58,895
2007	40,322
2008	18,441
2009	1,943
Total	\$119,601

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Capital Leases

The City has entered into a lease agreement as lessee for financing the acquisition of its phone system. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date.

The asset acquired through a capital lease is as follows:

	<u>Governmental Activities</u>
Asset:	
Machinery and equipment	\$118,531
Less: Accumulated depreciation	<u>(47,412)</u>
Total	<u><u>\$ 71,119</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2005, were as follows:

	<u>Governmental Activities</u>
<u>Year Ending September 30</u>	
2006	24,895
2007	27,158
2008	27,158
2009	<u>2,263</u>
Total minimum lease payments	81,474
Less: amount representing interest	<u>(6,508)</u>
Present value of minimum lease payments	<u><u>\$74,966</u></u>

**F. Long-term debt**

Intergovernmental Agreements

The City has entered into an intergovernmental agreement to provide funds for the acquisition and construction of a major road project. The amount of the agreement to-date is \$6,826,450. This agreement is secured by a pledge of 75% of the transportation impact fee revenues assessed in the project area. The intergovernmental agreement outstanding at year end is as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Road project	5.62%	\$3,922,936

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Intergovernmental agreement debt service requirements to maturity are as follows:

Year Ending September 30	Principal	Interest
2006	\$ -	\$345,429
2007	41,796	303,634
2008	129,255	216,175
2009	136,616	208,814
2010	144,396	201,034
2011-2015	855,100	872,050
2016-2020	1,127,939	599,210
2021-2025	1,487,834	239,314
	<u>\$3,922,936</u>	<u>\$2,985,660</u>

Revenue Notes

The City has issued a revenue note for the acquisition and construction of major capital improvements within the Community Redevelopment Agency area. The original amount of the note was \$3,700,000. This note is secured by a pledge of Community Redevelopment Agency tax increment revenues and certain non-advalorem funds. Revenue notes outstanding at year end are as follows:

Purpose	Interest Rates	Amount
Capital improvements	4.93%	\$3,378,426

Revenue note debt service requirements to maturity are as follows:

Year Ending September 30	Principal	Interest
2006	\$ -	\$ 83,278
2007	275,655	159,762
2008	289,244	145,837
2009	303,504	131,226
2010	318,467	115,894
2011-2015	1,843,905	321,698
2016-2020	347,651	8,570
	<u>\$3,378,426</u>	<u>\$966,265</u>

Loans

The City has entered into loan agreements with the State of Florida's State Revolving Funds Loan Program to finance the expansion of the City's existing wastewater treatment plant, the construction of a water treatment plant, and the planning, design, and construction of

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stormwater pollution control facilities. The program operates on a reimbursement basis, and the total amount authorized for reimbursement under existing agreements is \$13,958,545. As of September 30, 2005, the City has received reimbursements totaling \$13,861,203. Proceeds accrue interest from the time they are received by the City until repayment begins. As of September 30, 2005, interest has accrued in the amount of \$351,062. The City has pledged income derived from the constructed assets to pay debt service. Loans outstanding at year end are as follows:

Purpose	Interest Rates	Amount
Wastewater treatment pre-construction—Water and Sewer Utility	3.33%	\$ 979,407
Wastewater treatment construction—Water and Sewer Utility	2.82%	10,561,645
Water treatment construction—Water and Sewer Utility	2.67%	1,985,122
Stormwater pollution control planning, design, and construction—Stormwater Utility	2.37%	24,336
Total reimbursements received and outstanding		13,550,510
Accrued interest		351,062
Total amounts outstanding		<u>\$13,901,572</u>

Loan debt service requirements to maturity are as follows:

Year Ending September 30	Principal	Interest
2006	\$ 327,646	\$ 616,001
2007	541,746	401,901
2008	594,348	357,351
2009	613,157	338,542
2010	630,630	321,069
2011-2015	3,394,359	1,327,104
2016-2020	3,904,080	814,156
2021-2025	3,544,544	230,113
	<u>\$13,550,510</u>	<u>\$4,406,237</u>

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2005, was as follows:

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	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Revenue bonds	\$ 173,370	\$ -	\$ (173,370)	\$ -	\$ -
Intergovernmental agreements	5,177,551	-	(1,254,615)	3,922,936	-
Revenue notes	3,551,479	-	(173,053)	3,378,426	-
Capital leases	97,344	-	(22,378)	74,966	21,616
Compensated absences	291,913	378,456	(356,038)	314,331	101,428
Governmental activity Long-term liabilities	<u>\$9,291,657</u>	<u>\$ 378,456</u>	<u>\$(1,979,454)</u>	<u>\$ 7,690,659</u>	<u>\$123,044</u>
<b>Business-type activities</b>					
Revenue bonds	\$ 26,630	\$ -	\$ (26,630)	\$ -	\$ -
Loans	12,564,778	1,355,175	(369,443)	13,550,510	327,646
Compensated absences	78,768	108,796	(94,276)	93,288	29,787
Business-type activity Long-term liabilities	<u>\$12,670,176</u>	<u>\$1,463,971</u>	<u>\$ (490,349)</u>	<u>\$13,643,799</u>	<u>\$357,433</u>

The official statements and resolutions authorizing the issuance of long-term debt described above contain certain restrictive covenants. The City has covenanted that it will deposit specified amounts derived from specific revenue sources into funds and accounts established by the resolutions. The City is in compliance with all covenants. Compensated absences for governmental activities will be liquidated in future periods by the General Fund.

No Commitment Debt

During 1993, the City of Winter Garden issued Industrial Development Revenue Refunding Bonds, Series 1993, in an aggregate principal amount of \$3,120,000, on behalf of Quality Health of Orange County, Inc. (the "Borrower"). The outstanding principal balance at September 30, 2005 was \$1,175,000.

These revenues bonds are a no commitment debt and as such do not constitute a debt, liability, or obligation of the City. These bonds were issued for the benefit of the Borrower for the refunding of the Series 1984 Bonds, the proceeds of which were loaned to the Borrower by a prior issuer to finance the acquisition, construction and equipping of a 120-bed nursing home located in the City of Winter Garden, Florida.

**V. Other information**

**A. Risk management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which the City is a member of the Public Risk Management of Florida (PRMF), a local government risk management pool as defined by Florida Statutes 163.01(3)(h). In the event of a loss, the City pays up to the deductible amount on the policy. All additional risk of loss

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has been transferred to PRMF up to the policy limits. Settlements have not exceeded coverages for each of the past three fiscal years. PRMF absorbs losses up to a specified amount annually and purchases excess and other specific coverages from third-party carriers. PRMF assesses each member its pro rata share of the estimated amount required to meet current year losses and operating expenses. If total member assessments do not produce sufficient funds to meet its current obligations, PRMF can make additional assessments.

**B. Contingent liabilities**

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

**C. Joint ventures**

The Lake Apopka Natural Gas District was created by the 1959 Legislature of Florida for the purpose of establishing and operating a gas transmission and distribution system for the use and benefit of its member municipalities and the public. The City is one of three member municipalities and appoints two members of the District's five member governing board. The District is not a financial burden to the City and net revenues derived from the system which are not otherwise covenanted, are paid over to the member municipalities in a proportion determined by the board. The separate financial statements can be obtained from the District.

**D. Other post-employment benefits**

The City provides postretirement health benefits, as per the requirements of a local ordinance, for certain retirees who retired between October 11, 1990 and June 22, 1994. The City pays 100 percent of the premiums of health coverage for the life of employees who retired with twenty years of full-time service during this time period. The City also provides postretirement health benefits, as a matter of policy, for certain retirees who retired after May 14, 1998. The City pays \$250 per month of the premiums for health coverage for ten years or until the attainment of age 65, whichever comes first, for those employees who retired under their respective pension plan and who agree to pay the remaining premium. The City's regular health benefit provider underwrites the retirees' policies.

As of year end, there were two employees who had retired with twenty years of full-time service that were receiving the 100 percent premium-coverage benefit. There were sixteen employees who had retired that were receiving the \$250 per month premium-coverage benefit. The City finances the plan on a pay-as-you-go basis. For the year ended September 30, 2005, the City paid \$49,985 for these benefits.

CITY OF WINTER GARDEN, FLORIDA  
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**E. Employee retirement systems and pension plans**

The City maintains two single-employer, defined benefit pension plans. One covers its general employees who have not otherwise opted out of the Plan, and the other covers its firefighters and police officers. The City also maintains a defined contribution plan for general employees in certain designated positions who have opted out of the defined benefit plan.

Pension Plan for General Employees:

*Plan description.* A Board of Trustees administers the Pension Plan for General Employees, in which all full-time general employees of the City who have not otherwise opted out of the Plan participate. The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries. The Plan does not issue a stand-alone financial report.

*Summary of significant accounting policies—basis of accounting and valuation of investments.* The financial statements of the Pension Plan for General Employees are prepared using the accrual basis of accounting. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price on the City's balance sheet date. Securities without an established market are reported at estimated fair value.

*Funding policy.* The contribution requirements of the City are established by ordinance and may be amended by the City. The City is required to contribute at an actuarially determined rate; the current rate is 16.17 percent of annual covered payroll.

*Annual pension cost.* For 2005, the City's annual pension cost was \$726,195 and the City's annual required contribution was \$709,594 for the Pension Plan for General Employees. Actual contributions were \$798,536. The required contribution was determined as part of the October 1, 2003 actuarial valuation using the aggregate actuarial cost method. The actuarial assumptions included (a) 7.5 percent investment rate of return (net of administrative expenses), and (b) projected salary increases due to inflation and seniority/merit raises of 4.5 percent per year, compounded annually. The Plan's unfunded actuarial accrued liability is being amortized using the level dollar method on a closed basis. The remaining amortization period at September 30, 2005 was 23 years.

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*Net Pension Obligation – NPO:*

NPO at September 30, 2004	\$(280,164)
Annual pension cost:	
Annual Required Contribution (ARC)	709,594
Interest credit	(21,012)
Adjustments to ARC	37,613
Total annual pension cost	726,195
Contributions made	(798,536)
Change in NPO	(72,341)
NPO at September 30, 2005	\$(352,505)

Three-Year Trend Information for the Pension Plan for General Employees:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
9/30/03	\$338,034	111%	\$(261,263)
9/30/04	700,725	103%	(280,164)
9/30/05	726,195	110%	(352,505)

Pension Plan for Firefighters and Police Officers

*Plan description.* A Board of Trustees administers the Pension Plan for Firefighters and Police Officers, in which all full-time fire and police employees of the City participate. The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries. The Plan does not issue a stand-alone financial report.

*Summary of significant accounting policies—basis of accounting and valuation of investments.* The financial statements of the Pension Plan for Firefighters and Police Officers are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The City’s contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price on the City’s balance sheet date. Securities without an established market are reported at estimated fair value.

*Funding policy.* The contribution requirements of plan members and the City are established by ordinance and may be amended by the City. Plan members are required to contribute 1.0 percent of their annual covered salary. The City is required to contribute at an actuarially determined rate; the current rate is 20.03 percent of annual covered payroll.

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NOTES TO FINANCIAL STATEMENTS  
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*Annual pension cost.* For 2005, the City’s annual pension cost was \$802,758 and the City’s annual required contribution was \$744,336, including State Premium Taxes, for the Pension Plan for Firefighters and Police Officers. Actual City contributions were \$703,449, and on-behalf payments of excise tax proceeds from the state were \$235,168. The City recognized revenues and corresponding expenditures for these on-behalf payments in the Police and Fire Premium Tax Trust Special Revenue Fund. The required contribution was determined as part of the October 1, 2003 actuarial valuation using the aggregate actuarial cost method. The actuarial assumptions included (a) 7.5 percent investment rate of return (net of administrative expenses), and (b) projected salary increases due to inflation and seniority/merit raises of 5.0 percent per year, compounded annually. The Plan’s unfunded actuarial accrued liability is being amortized using the level dollar method on a closed basis. The remaining amortization period at September 30, 2005 was 27 years.

*Net Pension Obligation – NPO:*

NPO at September 30, 2004	\$(548,480)
Annual pension cost:	
Annual Required Contribution (ARC)	744,336
Interest credit	(41,136)
Adjustments to ARC	69,558
Total annual pension cost	772,758
Contributions made	(938,617)
Change in NPO	(165,859)
NPO at September 30, 2005	\$(714,339)

Three-Year Trend Information for the Pension Plan for Firefighters and Police Officers:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
9/30/03	\$501,173	112%	\$(373,071)
9/30/04	632,544	129%	(548,480)
9/30/05	772,758	121%	(714,339)

Florida Municipal Pension Trust Fund (FMPTF)

*Plan description and funding requirements.* The Florida Municipal Pension Trust Fund is a defined contribution pension plan established and administered by the Florida League of Cities, Inc. to provide retirement benefits for full-time general employees in certain designated positions who have elected to opt out of the Pension Plan for General Employees. At September 30, 2005, there were six plan members from the City. The City contributes 7.5 percent of the annual covered payroll of plan participants. Plan provisions and contribution requirements are established by ordinance and may be amended by the City Commission. Total contributions for the year ended September 30, 2005 were \$26,957.

CITY OF WINTER GARDEN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
for the year ended September 30, 2005

Normal Retirement Benefits:	General Employees		Firefighters and Police Officers <sup>3</sup>
	Defined Benefit <sup>1</sup>	Defined Contribution <sup>2</sup>	
Age	65	59 ½	55
Years of service (minimum)	5	N/A	10
Accrual-(years 1-25)	2.5%	N/A	3.0%
(over 25)	2.5%	N/A	2.0%
Maximum	100%	N/A	95%
Years to vest	5	5	10

<sup>1</sup>The Pension Plan for General Employees allows retirement after five years of service if 60 or older with a 5% per year benefit penalty for each year before 65, retirement at any age with 30 years of credited service, or at 70 regardless of years of credited service.

<sup>2</sup>A General Employee under the FMPTF earns 20% vesting starting with one year of credited service and another 20% for each successive year of credited service through the fifth year of credited service at which time the employee will be 100% vested.

<sup>3</sup>The Pension Plan for Firefighters and Police Officers allows retirement after ten years of service if 50 or older with a 3% per year benefit penalty for each year before 55 or retirement at 52 with 25 years of credited service.

*Pension Trust Fund Financial Statements.* Financial statements for the defined benefit pension plans for the fiscal year ended September 30, 2005 are as follows:

Statement of Net Assets	General Pension Trust <u>Fund</u>	Fire and Police Pension Trust <u>Fund</u>	Total Pension Trust Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 833,636	\$ 1,232,093	\$ 2,065,729
Receivables	270,742	279,236	549,978
Due from other governmental units	-	172,500	172,500
Investments	<u>10,933,815</u>	<u>12,102,756</u>	<u>23,036,571</u>
Total assets	<u>12,038,193</u>	<u>13,786,585</u>	<u>25,824,778</u>
<b>LIABILITIES</b>			
Accounts payable	9,983	5,019	15,002
Deferred revenue	-	<u>172,500</u>	<u>172,500</u>
Total liabilities	<u>9,983</u>	<u>177,519</u>	<u>187,502</u>
<b>NET ASSETS</b>			
Held in trust for pension benefits	<u>\$12,028,210</u>	<u>\$13,609,066</u>	<u>\$25,637,276</u>

CITY OF WINTER GARDEN, FLORIDA  
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for the year ended September 30, 2005

<b>Statement of Changes in Net Assets</b>	<b>General Pension Trust <u>Fund</u></b>	<b>Fire and Police Pension Trust <u>Fund</u></b>	<b>Total Pension Trust Funds</b>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 798,536	\$ 696,759	\$ 1,495,295
Plan members	-	35,837	35,837
Excise tax proceeds	-	235,168	235,168
Total contributions	<u>798,536</u>	<u>967,764</u>	<u>1,766,300</u>
Investment earnings:			
Interest	224,553	252,928	477,481
Dividends	96,716	145,560	242,276
Net increase in the fair value of investments	<u>667,587</u>	<u>769,197</u>	<u>1,436,784</u>
Total investment earnings	988,856	1,167,685	2,156,541
Less investment expense	<u>60,656</u>	<u>59,566</u>	<u>120,222</u>
Net investment earnings	<u>928,200</u>	<u>1,108,119</u>	<u>2,036,319</u>
Total additions	<u>1,726,736</u>	<u>2,075,883</u>	<u>3,802,619</u>
<b>DEDUCTIONS</b>			
Benefits	379,948	525,200	905,148
Refunds	-	1,407	1,407
Administrative	<u>24,743</u>	<u>18,092</u>	<u>42,835</u>
Total deductions	<u>404,691</u>	<u>544,699</u>	<u>949,390</u>
Change in net assets	1,322,045	1,531,184	2,853,229
Net assets—beginning	<u>10,706,165</u>	<u>12,077,882</u>	<u>22,784,047</u>
Net assets—ending	<u>\$12,028,210</u>	<u>\$13,609,066</u>	<u>\$25,637,276</u>

CITY OF WINTER GARDEN, FLORIDA  
 REQUIRED SUPPLEMENTARY INFORMATION  
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Schedules of Funding Progress

Actuarial Valuation Date		Actuarial Value of Assets (a)	Actuarial Liability (AAL)— Entry Age (1) (b)	Unfunded AAL (2) (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
<b>Pension Plan for General Employees</b>							
10/01/99	(3)	\$8,198,448	\$8,775,404	\$576,956	93.4%	\$2,901,043	19.9%
10/01/00	(4)	8,782,589	9,325,413	542,824	94.2	3,325,853	16.3
10/01/01	(5)	9,251,304	9,121,083	(130,221)	101.4	3,711,087	(3.5)
10/01/02	(6)	9,344,154	8,808,434	(535,720)	106.1	4,265,155	(12.6)
10/01/03	(6)	9,591,486	10,648,253	-	90.1	4,389,139	24.1
10/01/04		10,114,598	11,662,964	-	86.7	4,626,404	33.5
<b>Pension Plan for Firefighters and Police Officers</b>							
10/01/99	(3)	\$8,955,108	\$8,991,209	\$36,101	99.6%	\$1,849,687	2.0%
10/01/00	(7)	9,671,479	9,801,378	129,899	98.7	2,183,011	6.0
10/01/01		9,357,934	9,428,528	70,594	99.3	2,327,968	3.0
10/01/02		9,571,784	9,022,732	(549,052)	106.1	2,412,994	(22.8)
10/01/03		10,187,320	11,673,586	-	87.3	2,879,824	51.6
10/01/04		11,081,532	12,815,689	-	86.5	2,980,775	58.2

- (1) Based upon Entry Age Normal Cost Method as of 10/1/03
- (2) Remains \$0 under the Aggregate Actuarial Cost Method and funded over future normal costs.
- (3) No valuation performed. UAAL updated with interest and actual contributions in year. Assets and payroll provided by the City.
- (4) Before interest rate assumption change.
- (5) After benefit changes adopted September 26, 2002, to be used for funding the fiscal year ending September 30, 2003.
- (6) Change in assumptions/method.
- (7) After amendment.

CITY OF WINTER GARDEN, FLORIDA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 for the year ended September 30, 2005

Pension Plan for General Employees  
Schedule of Employer Contributions

Year Ended September 30	Annual Required Contribution	Percentage Contributed
2000	\$203,757	109%
2001	233,475	108
2002	160,305	139
2003	329,019	114
2004	688,394	105
2005	709,594	113

Pension Plan for Firefighters and Police Officers  
Schedule of Contributions from Employers and Other Contributing Entities

Year Ended September 30	Annual Required Contribution	Percentage Contributed
2000	\$207,944	121%
2001	350,906	110
2002	325,729	121
2003	509,490	115
2004	642,172	132
2005	744,336	130

## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Community Redevelopment Agency Fund—This fund is used to account for the activities of the Community Redevelopment Agency.

Law Enforcement Trust Fund—This fund is used to account for law enforcement expenditures financed with forfeited funds originating from illegal activities.

Law Enforcement Block Grant Fund—This fund is used to account for the Local Law Enforcement Block Grant for law enforcement expenditures.

State Revenue Sharing Fund—This fund is used to account for the City's share of State shared revenues that are restricted by bond covenant to be used to meet minimum debt service funding requirements. Revenues in excess of these requirements may be transferred to the General Fund to be used without restriction.

Local Option Gas Tax Fund—This fund is used to account for specific road improvements and maintenance utilizing the City's portion of the six-cent Local Option Gas Tax.

Heritage Depot Museum Trust Fund—This fund is used to account for a private contribution that was restricted by the donor to be used to maintain the Heritage Depot Museum.

Police and Fire Premium Tax Trust Fund—This fund is used to account for excise tax imposed on homeowners' insurance premiums collected by the State and remitted to the City. Revenues are restricted to be used as retirement contributions to police and fire pension plans.

### **Debt Service Fund**

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general government long-term debt principal and interest.

### **Capital Projects Fund**

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Downtown Renovations Capital Projects Fund—This fund is used to account for improvements to the City's downtown area.

**City of Winter Garden, Florida  
Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2005**

	<b>Community Redevelopment Agency Fund</b>	<b>Law Enforcement Trust Fund</b>	<b>Law Enforcement Grants Fund</b>	<b>Special State Revenue Sharing Fund</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 322,412	\$ 23,619	\$ -	\$ -
Due from other governmental units	-	-	21,779	-
Total assets	<u>\$ 322,412</u>	<u>\$ 23,619</u>	<u>\$ 21,779</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 2,480	\$ -	\$ -	\$ -
Accrued Wages Payable	-	-	578	-
Contracts payable	-	-	-	-
Due to Other Funds	-	-	11,464	-
Deferred revenue	-	-	-	-
Advances from other funds	849,048	-	-	-
Total liabilities	<u>851,528</u>	<u>-</u>	<u>12,042</u>	<u>-</u>
<b>FUND BALANCES</b>				
Reserved for:				
Encumbrances	-	-	-	-
Unreserved, undesignated	(529,116)	23,619	9,737	-
Total fund balances	<u>(529,116)</u>	<u>23,619</u>	<u>9,737</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 322,412</u>	<u>\$ 23,619</u>	<u>\$ 21,779</u>	<u>\$ -</u>

Revenue					Downtown Renovations Capital Project Fund	Total Nonmajor Governmental Funds
Local Option Gas Tax Fund	Heritage Depot Museum Trust Fund	Police and Fire Premium Tax Trust Fund	Total	Debt Service Fund		
\$ 833,077	\$ 664	\$ -	\$ 1,179,772	\$ -	\$ -	\$ 1,179,772
72,173	-	172,500	266,452	-	-	266,452
<u>\$ 905,250</u>	<u>\$ 664</u>	<u>\$ 172,500</u>	<u>\$ 1,446,224</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,446,224</u>
\$ 26,910	\$ -	\$ -	\$ 29,390	\$ -	\$ -	\$ 29,390
-	-	-	578	-	-	578
1,400	-	-	1,400	-	-	1,400
-	-	-	11,464	-	-	11,464
-	-	172,500	172,500	-	-	172,500
-	-	-	849,048	-	-	849,048
<u>28,310</u>	<u>-</u>	<u>172,500</u>	<u>1,064,380</u>	<u>-</u>	<u>-</u>	<u>1,064,380</u>
453,776	-	-	453,776	-	-	453,776
423,164	664	-	(71,932)	-	-	(71,932)
876,940	664	-	381,844	-	-	381,844
<u>\$ 905,250</u>	<u>\$ 664</u>	<u>\$ 172,500</u>	<u>\$ 1,446,224</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,446,224</u>

**City of Winter Garden, Florida**  
**Combining Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended September 30, 2005**

	<b>Special</b>			
	<b>Community Redevelopment Agency Fund</b>	<b>Law Enforcement Trust Fund</b>	<b>Law Enforcement Grants Fund</b>	<b>State Revenue Sharing Fund</b>
<b>REVENUES</b>				
Intergovernmental	\$ 273,443	\$ -	\$ 43,071	\$ 414,179
Fines and forfeits	-	32,292	-	-
Investment earnings	16,392	379	8	-
Other	-	-	-	-
Total revenues	<u>289,835</u>	<u>32,671</u>	<u>43,079</u>	<u>414,179</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	-	12,207	63,564	-
Transportation	-	-	-	-
Economic environment	(32,137)	-	-	-
Capital outlay:				
Economic environment	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	42,658	-	-	-
Total expenditures	<u>10,521</u>	<u>12,207</u>	<u>63,564</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>279,314</u>	<u>20,464</u>	<u>(20,485)</u>	<u>414,179</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	512,443	-	30,222	-
Transfers out	(348,282)	-	-	(501,890)
Total other financing sources and (uses)	<u>164,161</u>	<u>-</u>	<u>30,222</u>	<u>(501,890)</u>
Net change in fund balances	443,475	20,464	9,737	(87,711)
Fund balances (deficits)—beginning	<u>(972,591)</u>	<u>3,155</u>	<u>-</u>	<u>87,711</u>
Fund balances (deficits)—ending	<u>\$ (529,116)</u>	<u>\$ 23,619</u>	<u>\$ 9,737</u>	<u>\$ -</u>

<b>Revenue</b>					<b>Downtown Renovations Capital Project Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Local Option Gas Tax Fund</b>	<b>Heritage Depot Museum Trust Fund</b>	<b>Police and Fire Premium Tax Trust Fund</b>	<b>Total</b>	<b>Debt Service Fund</b>		
\$ 813,865	\$ -	\$ 227,952	\$ 1,772,510	\$ -	\$ -	\$ 1,772,510
-	-	-	32,292	-	-	32,292
23,517	17	-	40,313	1,826	-	42,139
1,300	-	-	1,300	-	-	1,300
<u>838,682</u>	<u>17</u>	<u>227,952</u>	<u>1,846,415</u>	<u>1,826</u>	<u>-</u>	<u>1,848,241</u>
-	-	227,952	303,723	-	-	303,723
760,102	-	-	760,102	-	-	760,102
-	-	-	(32,137)	-	-	(32,137)
-	-	-	-	-	1,676	1,676
-	-	-	-	346,424	-	346,424
-	-	-	42,658	182,621	-	225,279
<u>760,102</u>	<u>-</u>	<u>227,952</u>	<u>1,074,346</u>	<u>529,045</u>	<u>1,676</u>	<u>1,605,067</u>
<u>78,580</u>	<u>17</u>	<u>-</u>	<u>772,069</u>	<u>(527,219)</u>	<u>(1,676)</u>	<u>243,174</u>
-	-	-	542,665	466,853	-	1,009,518
-	-	-	(850,172)	-	(283,363)	(1,133,535)
-	-	-	(307,507)	466,853	(283,363)	(124,017)
78,580	17	-	464,562	(60,366)	(285,039)	119,157
<u>798,360</u>	<u>647</u>	<u>-</u>	<u>(82,718)</u>	<u>60,366</u>	<u>285,039</u>	<u>262,687</u>
<u>\$ 876,940</u>	<u>\$ 664</u>	<u>\$ -</u>	<u>\$ 381,844</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 381,844</u>

**City of Winter Garden, Florida**  
**Community Redevelopment Agency Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual**  
**For the Year Ended September 30, 2005**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget— Positive (Neg)</u>
<b>REVENUES</b>			
Intergovernmental	\$ 273,721	\$ 273,443	\$ (278)
Investment earnings	11,716	16,392	4,676
Total revenues	<u>285,437</u>	<u>289,835</u>	<u>4,398</u>
<b>EXPENDITURES</b>			
Current:			
Economic environment	166,626	(32,137)	198,763
Debt service:			
Interest	37,191	42,658	(5,467)
Total expenditures	<u>203,817</u>	<u>10,521</u>	<u>193,296</u>
Excess of revenues over expenditures	<u>81,620</u>	<u>279,314</u>	<u>197,694</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	512,443	512,443	-
Transfers out	(348,130)	(348,282)	(152)
Total other financing sources and (uses)	<u>164,313</u>	<u>164,161</u>	<u>(152)</u>
Net change in fund balances	245,933	443,475	197,542
Fund balances (deficits)—beginning	(972,591)	(972,591)	-
Fund balances (deficits)—ending	<u>\$ (726,658)</u>	<u>\$ (529,116)</u>	<u>\$ 197,542</u>

**City of Winter Garden, Florida**  
**Law Enforcement Trust Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual**  
**For the Year Ended September 30, 2005**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget— Positive (Neg)</u>
<b>REVENUES</b>			
Fines and forfeits	\$ 22,110	\$ 32,292	\$ 10,182
Investment earnings	<u>150</u>	<u>379</u>	<u>229</u>
Total revenues	<u>22,260</u>	<u>32,671</u>	<u>10,411</u>
<b>EXPENDITURES</b>			
Current:			
Public safety:			
Law enforcement	<u>12,110</u>	<u>12,207</u>	<u>(97)</u>
Excess of revenues over expenditures	<u>10,150</u>	<u>20,464</u>	<u>10,314</u>
Fund balances—beginning	<u>3,155</u>	<u>3,155</u>	<u>-</u>
Fund balances—ending	<u>\$ 13,305</u>	<u>\$ 23,619</u>	<u>\$ 10,314</u>

**City of Winter Garden, Florida**  
**Law Enforcement Grants Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual**  
**For the Year Ended September 30, 2005**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget— Positive (Neg)</u>
<b>REVENUES</b>			
Intergovernmental	\$ 46,141	\$ 43,071	\$ (3,070)
Investment earnings	<u>25</u>	<u>8</u>	<u>(17)</u>
Total revenues	<u>46,166</u>	<u>43,079</u>	<u>(3,087)</u>
<b>EXPENDITURES</b>			
Current:			
Public safety:			
Law enforcement	<u>76,388</u>	<u>63,564</u>	<u>12,824</u>
(Deficiency) of revenues (under) expenditures	<u>(30,222)</u>	<u>(20,485)</u>	<u>9,737</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	<u>30,222</u>	<u>30,222</u>	<u>-</u>
Net change in fund balances	-	9,737	9,737
Fund balances—beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances—ending	<u>\$ -</u>	<u>\$ 9,737</u>	<u>\$ 9,737</u>

**City of Winter Garden, Florida**  
**State Revenue Sharing Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual**  
**For the Year Ended September 30, 2005**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget— Positive (Neg)</u>
<b>REVENUES</b>			
Intergovernmental	\$ 508,570	\$ 414,179	\$ (94,391)
Total revenues	<u>508,570</u>	<u>414,179</u>	<u>(94,391)</u>
<b>OTHER FINANCING USES</b>			
Transfers out	<u>(508,570)</u>	<u>(501,890)</u>	<u>6,680</u>
Net change in fund balances	-	(87,711)	(87,711)
Fund balances—beginning	-	87,711	87,711
Fund balances—ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Winter Garden, Florida**  
**Local Option Gas Tax Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual**  
**For the Year Ended September 30, 2005**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget— Positive (Neg)</u>
<b>REVENUES</b>			
Intergovernmental	\$ 967,545	\$ 813,865	\$ (153,680)
Investment earnings	11,516	23,517	12,001
Other	-	1,300	1,300
Total revenues	<u>979,061</u>	<u>838,682</u>	<u>(140,379)</u>
<b>EXPENDITURES</b>			
Current:			
Transportation:			
Construction and maintenance	<u>1,110,258</u>	<u>760,102</u>	<u>350,156</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(131,197)</u>	<u>78,580</u>	<u>209,777</u>
Net change in fund balances	(131,197)	78,580	209,777
Fund balances—beginning	<u>798,360</u>	<u>798,360</u>	<u>-</u>
Fund balances—ending	<u>\$ 667,163</u>	<u>\$ 876,940</u>	<u>\$ 209,777</u>

**City of Winter Garden, Florida**  
**Heritage Depot Museum Trust Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual**  
**For the Year Ended September 30, 2005**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget— Positive (Neg)</u>
<b>REVENUES</b>			
Investment earnings	\$ -	\$ 17	\$ 17
Total revenues	<u>-</u>	<u>17</u>	<u>17</u>
Net change in fund balances	-	17	17
Fund balances—beginning	<u>647</u>	<u>647</u>	<u>-</u>
Fund balances—ending	<u>\$ 647</u>	<u>\$ 664</u>	<u>\$ 17</u>

**City of Winter Garden, Florida**  
**Police and Fire Premium Tax Trust Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual**  
**For the Year Ended September 30, 2005**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget— Positive (Neg)</u>
<b>REVENUES</b>			
Intergovernmental	\$ 230,000	\$ 227,952	\$ (2,048)
Total revenues	<u>230,000</u>	<u>227,952</u>	<u>(2,048)</u>
<b>EXPENDITURES</b>			
Current:			
Public safety:			
Law enforcement	150,000	154,375	(4,375)
Fire control	<u>80,000</u>	<u>73,577</u>	<u>6,423</u>
Total public safety	<u>230,000</u>	<u>227,952</u>	<u>2,048</u>
Excess of revenues over expenditures	<u>150,000</u>	<u>-</u>	<u>(150,000)</u>
Net change in fund balances	150,000	-	(150,000)
Fund balances—beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances—ending	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ (150,000)</u>

**City of Winter Garden, Florida**  
**Debt Service Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual**  
**For the Year Ended September 30, 2005**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget— Positive (Neg)</u>
<b>REVENUES</b>			
Investment earnings	\$ 750	\$ 1,826	\$ 1,076
Total revenues	<u>750</u>	<u>1,826</u>	<u>1,076</u>
<b>EXPENDITURES</b>			
Debt service:			
Principal	373,042	346,424	26,618
Interest	<u>183,616</u>	<u>182,621</u>	<u>995</u>
Total expenditures	<u>556,658</u>	<u>529,045</u>	<u>27,613</u>
 (Deficiency) of revenues (under) expenditures	 <u>(555,908)</u>	 <u>(527,219)</u>	 <u>28,689</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	<u>479,205</u>	<u>466,853</u>	<u>(12,352)</u>
 Net change in fund balances	 (76,703)	 (60,366)	 16,337
Fund balances—beginning	<u>60,366</u>	<u>60,366</u>	<u>-</u>
Fund balances (deficits)—ending	<u>\$ (16,337)</u>	<u>\$ -</u>	<u>\$ 16,337</u>

**City of Winter Garden, Florida**  
**Downtown Renovations Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual**  
**For the Year Ended September 30, 2005**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
<b>REVENUES</b>				
Intergovernmental	\$ 250,000	\$ -	\$ 250,000	\$ 250,000
Contributions and donations	<u>177,075</u>	-	<u>177,075</u>	-
Total revenues	<u>427,075</u>	-	<u>427,075</u>	<u>250,000</u>
<b>EXPENDITURES</b>				
Capital outlay:				
Economic environment	<u>5,042,036</u>	<u>1,676</u>	<u>5,043,712</u>	<u>4,866,637</u>
(Deficiency) of revenues (under) expenditures	<u>(4,614,961)</u>	<u>(1,676)</u>	<u>(4,616,637)</u>	<u>(4,616,637)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	4,900,000	-	4,900,000	4,900,000
Transfers out	<u>-</u>	<u>(283,363)</u>	<u>(283,363)</u>	<u>(283,363)</u>
Total other financing sources and (uses)	<u>4,900,000</u>	<u>(283,363)</u>	<u>4,616,637</u>	<u>4,616,637</u>
Net change in fund balances	<u>\$ 285,039</u>	<u>\$ (285,039)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances—beginning		<u>285,039</u>		
Fund balances—ending		<u>\$ -</u>		

### **Nonmajor Enterprise Funds**

Stormwater Utility Fund—This fund is used to account for the revenues, expenses, assets, and liabilities associated with the Stormwater Utility.

Trailer City Fund—This fund is used to account for the revenues, expenses, assets, and liabilities associated with residential mobile home lot rentals.

**City of Winter Garden, Florida**  
**Combining Statement of Net Assets**  
**Nonmajor Enterprise Funds**  
**September 30, 2005**

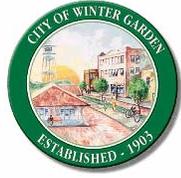
	<u>Stormwater Utility</u>	<u>Trailer City</u>	<u>Totals</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 320,878	\$ 108,014	\$ 428,892
Accounts receivable (net of allowance for uncollectibles)	63,556	8,258	71,814
Inventories--materials and supplies	<u>5,491</u>	<u>-</u>	<u>5,491</u>
Total current assets	<u>389,925</u>	<u>116,272</u>	<u>506,197</u>
Noncurrent assets:			
Capital assets:			
Land	-	63,300	63,300
Buildings	-	54,587	54,587
Improvements other than buildings	1,733,127	116,177	1,849,304
Equipment and furniture	275,377	32,336	307,713
Infrastructure	926,341	34,556	960,897
Construction work in progress	430,134	-	430,134
Less accumulated depreciation	<u>(780,152)</u>	<u>(77,564)</u>	<u>(857,716)</u>
Total capital assets (net of accumulated depreciation)	<u>2,584,827</u>	<u>223,392</u>	<u>2,808,219</u>
Total assets	<u>2,974,752</u>	<u>339,664</u>	<u>3,314,416</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	24,705	2,198	26,903
Contracts payable	11,488	-	11,488
Compensated absences	1,888	1,737	3,625
Accrued interest payable	215	-	215
Accrued wages payable	2,654	592	3,246
Deferred revenue	<u>-</u>	<u>3,454</u>	<u>3,454</u>
Total current liabilities	<u>40,950</u>	<u>7,981</u>	<u>48,931</u>
Noncurrent liabilities:			
Notes and loans payable	24,336	-	24,336
Compensated absences	2,247	1,861	4,108
Advances from other funds	<u>594,021</u>	<u>-</u>	<u>594,021</u>
Total noncurrent liabilities	<u>620,604</u>	<u>1,861</u>	<u>622,465</u>
Total liabilities	<u>661,554</u>	<u>9,842</u>	<u>671,396</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	2,560,276	223,392	2,783,668
Unrestricted	<u>(247,078)</u>	<u>106,430</u>	<u>(140,648)</u>
Total net assets	<u>\$ 2,313,198</u>	<u>\$ 329,822</u>	<u>\$ 2,643,020</u>

**City of Winter Garden, Florida**  
**Combining Statement of Revenues, Expenses, and Changes**  
**in Fund Net Assets**  
**Nonmajor Enterprise Funds**  
**For the Year Ended September 30, 2005**

	<b>Stormwater Utility</b>	<b>Trailer City</b>	<b>Totals</b>
Operating revenues:			
Charges for services	\$ 706,782	\$ -	\$ 706,782
Other	-	253,075	253,075
Total operating revenues	<u>706,782</u>	<u>253,075</u>	<u>959,857</u>
Operating expenses:			
Personal services	207,063	81,349	288,412
Contractual services	47,640	50,521	98,161
Utilities	4,181	4,457	8,638
Supplies	14,153	3,595	17,748
Depreciation	110,484	14,278	124,762
Other services and charges	113,437	121,238	234,675
Total operating expenses	<u>496,958</u>	<u>275,438</u>	<u>772,396</u>
Operating income (loss)	<u>209,824</u>	<u>(22,363)</u>	<u>187,461</u>
Nonoperating revenues (expenses):			
Intergovernmental	120,000	-	120,000
Investment earnings	7,179	1,784	8,963
Loss on disposition of fixed assets	-	(7,025)	(7,025)
Interest expense	(215)	-	(215)
Total nonoperating revenues (expenses)	<u>126,964</u>	<u>(5,241)</u>	<u>121,723</u>
Income (loss) before transfers	336,788	(27,604)	309,184
Transfers in	-	150,000	150,000
Transfers out	-	(3,520)	(3,520)
Change in net assets	336,788	118,876	455,664
Total net assets—beginning	<u>1,976,410</u>	<u>210,946</u>	<u>2,187,356</u>
Total net assets—ending	<u>\$ 2,313,198</u>	<u>\$ 329,822</u>	<u>\$ 2,643,020</u>

**City of Winter Garden, Florida  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Year Ended September 30, 2005**

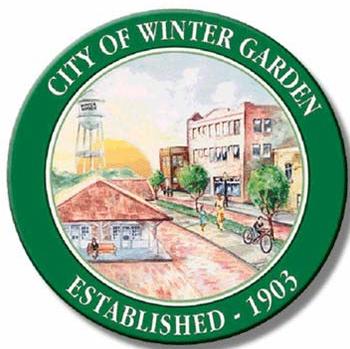
	<u>Stormwater Utility</u>	<u>Trailer City</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 695,115	\$ 244,689	\$ 939,804
Payments to suppliers	(204,422)	(180,144)	(384,566)
Payments to employees	<u>(210,993)</u>	<u>(84,906)</u>	<u>(295,899)</u>
Net cash provided (used) by operating activities	<u>279,700</u>	<u>(20,361)</u>	<u>259,339</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	-	150,000	150,000
Transfers to other funds	<u>-</u>	<u>(3,520)</u>	<u>(3,520)</u>
Net cash provided by noncapital and related financing activities	<u>-</u>	<u>146,480</u>	<u>146,480</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from capital debt	24,336	-	24,336
Grants received	120,000	-	120,000
Purchases of capital assets	(497,624)	(36,951)	(534,575)
Proceeds from sales of capital assets	<u>-</u>	<u>600</u>	<u>600</u>
Net cash (used) by capital and related financing activities	<u>(353,288)</u>	<u>(36,351)</u>	<u>(389,639)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	<u>7,179</u>	<u>1,784</u>	<u>8,963</u>
Net cash provided by investing activities	<u>7,179</u>	<u>1,784</u>	<u>8,963</u>
Net increase (decrease) in cash and equivalents	(66,409)	91,552	25,143
Cash and cash equivalents, October 1	<u>387,287</u>	<u>16,462</u>	<u>403,749</u>
Cash and cash equivalents, September 30	<u>\$ 320,878</u>	<u>\$ 108,014</u>	<u>\$ 428,892</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 209,824	\$ (22,363)	\$ 187,461
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	110,484	14,278	124,762
(Increase) in accounts receivable	(14,886)	(35,659)	(50,545)
Increase in allowance for uncollectible accounts	3,219	33,266	36,485
(Increase) in Inventories--materials and supplies	(5,491)	-	(5,491)
Decrease in other assets	-	4,723	4,723
(Decrease) in accounts payable	(14,252)	(2,898)	(17,150)
(Decrease) in accrued wages payable	(4,639)	(718)	(5,357)
(Decrease) in deferred revenue	-	(5,993)	(5,993)
(Decrease) in other current liabilities	(5,268)	(2,158)	(7,426)
Increase (decrease) in compensated absences payable	<u>709</u>	<u>(2,839)</u>	<u>(2,130)</u>
Total adjustments	<u>69,876</u>	<u>2,002</u>	<u>71,878</u>
Net cash provided (used) by operating activities	<u>\$ 279,700</u>	<u>\$ (20,361)</u>	<u>\$ 259,339</u>



# STATISTICAL SECTION







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**City of Winter Garden, Florida**  
**General Governmental Expenditures by Function<sup>1</sup>**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Physical Environment</b>	<b>Transportation</b>
1996	\$ 605,740	\$ 3,181,896	\$ 322,527	\$ 741,392
1997	1,001,724	3,157,830	340,393	1,037,137
1998	927,804	3,728,107	364,314	1,493,296
1999	1,109,730	3,486,117	369,346	2,589,391
2000	1,259,904	4,337,820	457,576	1,754,786
2001	1,480,434	4,626,435	411,689	6,535,475
2002	2,286,599	5,486,185	489,171	3,202,055
2003	3,325,686	6,180,979	626,594	4,791,484
2004	2,336,743	7,003,985	780,387	3,563,224
2005	2,905,301	9,301,897	820,150	3,881,560

<sup>1</sup>Includes general, special revenue, and debt service funds

<b>Economic Environment</b>	<b>Public Assistance</b>	<b>Culture and Recreation</b>	<b>Debt Service</b>	<b>Total</b>
\$ 553	\$ -	\$ 940,330	\$ 145,400	\$ 5,937,838
1,671	20,580	1,178,782	246,981	6,985,098
4,468	17,192	1,392,813	144,810	8,072,804
85,412	14,896	1,048,323	415,238	9,118,453
74,333	14,196	1,041,353	396,427	9,336,395
1,134,956	14,140	1,064,600	443,418	15,711,147
180,904	14,112	1,411,558	644,083	13,714,667
93,696	653,862	2,048,901	529,998	18,251,200
131,623	391,384	1,861,015	3,461,413	19,529,774
(32,137)	88,871	1,839,973	1,998,861	20,804,476

**City of Winter Garden, Florida**  
**General Governmental Revenues by Source<sup>1</sup>**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Taxes</b>	<b>Licenses and Permits</b>	<b>Inter-governmental</b>	<b>Charges for Services</b>
1996	\$ 2,784,628	\$ 351,567	\$ 2,267,998	\$ 559,867
1997	2,866,261	451,927	2,518,791	533,313
1998	3,121,532	600,458	2,776,337	626,928
1999	3,331,855	681,940	2,849,026	789,723
2000	3,645,419	1,271,089	3,232,655	2,448,513
2001	4,265,077	1,253,702	3,340,816	1,678,082
2002	5,373,939	1,728,142	3,344,112	2,361,058
2003	6,337,721	1,888,809	4,752,209	1,275,651
2004	7,275,986	2,770,604	5,291,960	1,635,726
2005	8,554,258	2,827,208	5,819,142	1,801,451

<sup>1</sup>Includes general, special revenue, and debt service funds

**City of Winter Garden, Florida**  
**General Governmental Tax Revenues by Source<sup>1</sup>**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Ad Valorem</b>	<b>Franchise Fees</b>	<b>Utility Services</b>	<b>Communications Services</b>
1996	\$ 1,280,754	\$ 548,147	\$ 955,727	\$ -
1997	1,338,161	564,844	963,256	-
1998	1,451,540	618,227	1,051,765	-
1999	1,576,897	654,488	1,100,470	-
2000	1,737,378	712,040	1,196,001	-
2001	1,961,339	889,590	1,414,148	-
2002	2,456,306	864,047	1,297,581 <sup>2</sup>	756,005 <sup>2</sup>
2003	3,098,149	903,925	1,480,323	855,324
2004	3,770,795	1,008,447	1,571,435	925,309
2005	4,507,982	1,191,851	1,798,561	1,055,864

<sup>1</sup>Includes general, special revenue, and debt service funds

<sup>2</sup>Utility Service Taxes on telecommunications were eliminated and the Communication Services Tax was created by State Statute

<u>Fines and Forfeits</u>	<u>Investment Earnings</u>	<u>Rents and Royalties</u>	<u>Miscellaneous</u>	<u>Total</u>
\$ 236,073	\$ 250,753	\$ 42,753	\$ 274,374	\$ 6,768,013
197,077	278,879	44,431	356,705	7,247,384
171,365	440,378	63,843	587,486	8,388,327
228,951	243,342	94,184	535,747	8,754,768
329,968	504,011	102,216	678,804	12,212,675
368,315	708,842	120,813	886,237	12,621,884
213,470	688,298	135,228	1,059,504	14,903,751
236,761	410,478	133,972	3,219,154	18,254,755
246,132	262,405	128,048	4,500,216	22,111,077
248,986	409,339	144,304	4,860,431	24,665,119

<u>Total</u>
\$ 2,784,628
2,866,261
3,121,532
3,331,855
3,645,419
4,265,077
5,373,939
6,337,721
7,275,986
8,554,258

**City of Winter Garden, Florida  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percentage Current Taxes Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Ratio of Total Tax Collections to Total Tax Levy</b>
1996	\$ 1,324,215	\$ 1,275,443	96.3%	\$ 5,311	\$ 1,280,754	96.7%
1997	1,374,201	1,327,843	96.6	10,318	1,338,161	97.4
1998	1,490,983	1,429,492	95.9	22,048	1,451,540	97.4
1999	1,594,893	1,542,115	96.7	34,782	1,576,897	98.9
2000	1,770,095	1,695,184	95.8	42,194	1,737,378	98.2
2001	2,010,626	1,955,582	97.3	5,757	1,961,339	97.5
2002	2,543,932	2,454,253	96.5	2,053	2,456,306	96.6
2003	3,237,109	3,095,033	95.6	3,116	3,098,149	95.7
2004	3,916,343	3,757,140	95.9	13,655	3,770,795	96.3
2005	4,660,805	4,493,292	96.4	14,690	4,507,982	96.7

Source: Orange County Tax Collector's Office

**City of Winter Garden, Florida  
Assessed and Estimated Actual Value of Property  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Real and Personal Property</b>		<b>Ratio of Total Assessed Value to Total Estimated Actual Value</b>
	<b>Assessed Value</b>	<b>Estimated Actual Value</b>	
1996	\$ 318,429,770	\$ 434,454,774	73.29%
1997	346,124,980	475,361,779	72.81
1998	371,850,220	508,368,966	73.15
1999	409,373,971	550,213,771	74.40
2000	472,296,384	622,576,590	75.86
2001	592,739,751	775,272,073	76.46
2002	747,650,002	976,700,654	76.55
2003	908,118,889	1,169,398,119	77.66
2004	1,084,432,369	1,391,096,737	77.96
2005	1,391,667,157	1,779,972,299	78.18

Source: Orange County Property Appraiser's Office

**City of Winter Garden, Florida  
Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years**

Millage Rates (dollars per \$1,000 of assessed value)

<b>Fiscal Year</b>	<b>City</b>	<b>School District</b>	<b>County</b>	<b>Library</b>	<b>St. Johns River Water Mgmt. District</b>	<b>Health Central (WOHD)</b>	<b>Total</b>
1996	4.3040	9.3750	5.2889	0.4532	0.4820	0.4929	20.3960
1997	4.3040	9.1770	5.2889	0.4412	0.4820	0.4000	20.0931
1998	4.3040	9.0770	5.2889	0.4412	0.4820	0.3500	19.9431
1999	4.3040	9.0420	5.2889	0.4412	0.4820	0.3300	19.8881
2000	4.3040	8.6120	5.2264	0.4412	0.4820	0.3221	19.3877
2001	4.3040	8.5770	5.1639	0.4412	0.4720	-	18.9581
2002	4.3040	8.4320	5.1639	0.4383	0.4620	-	18.8002
2003	4.3040	7.8780	5.1639	0.4371	0.4620	-	18.2450
2004	4.3040	7.8880	5.1639	0.4365	0.4620	-	18.2544
2005	4.3040	7.5400	5.1639	0.4352	0.4620	-	17.9051

Source: Orange County Property Appraiser's Office

**City of Winter Garden, Florida  
Principal Taxpayers  
September 30, 2005**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2005 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
West Pointe Villas LTD	Apartment property management	\$ 9,694,363	0.7 %
West Point Commons LLC	Shopping center property management	9,538,365	0.7
KB Homes Orlando LLC	Property development	9,262,050	0.7
BRH Berkshire West LLC	Apartment property management	9,024,818	0.6
Stoneybrook Joint Venture	Property development	8,920,587	0.6
Gar Shing Realty Corp	Shopping center property management	8,183,336	0.6
Amera Winter Garden LTD	Shopping center property management	7,340,520	0.5
Hyde Park Communities	Mobile home park/campground	6,926,294	0.5
M/I Homes of Orlando LLC	Property development	6,783,392	0.5
Winter Country Garden Assoc.	Apartment property management	6,189,888	0.5
Totals		<u>\$ 81,863,613</u>	<u>5.9 %</u>

Source: Orange County Property Appraiser's Office

**City of Winter Garden, Florida  
Special Assessment Billings and Collections  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Special Assessment Billings</b>	<b>Special Assessments Collected</b>
1996	\$ -	\$ -
1997	-	-
1998	-	-
1999	-	-
2000	-	-
2001	-	-
2002	-	-
2003	-	-
2004	-	-
2005	-	-

**City of Winter Garden, Florida  
Computation of Legal Debt Margin  
September 30, 2005**

Neither the City of Winter Garden Charter or Code of Ordinances nor the Florida Statutes limit the amount of debt the City of Winter Garden can issue.

**City of Winter Garden, Florida**  
**Ratio of Net General Obligation Bonded Debt**  
**To Assessed Value and Net General Obligation Bonded Debt per Capita**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population<sup>1</sup></b>	<b>Assessed Value<sup>2</sup></b>	<b>Gross Bonded Debt</b>	<b>Less Debt Service Fund</b>
1996	12,761	318,429,770	-	-
1997	13,118	346,124,980	-	-
1998	13,485	371,850,220	-	-
1999	13,863	409,373,971	-	-
2000	14,251	472,296,384	-	-
2001	16,097	592,739,751	-	-
2002	18,301	747,650,002	-	-
2003	20,378	908,118,889	-	-
2004	22,242	1,084,432,369	-	-
2005	24,610	1,391,667,157	-	-

<sup>1</sup>Source: University of Florida, Bureau of Economics and Business Research

<sup>2</sup>Source: Orange County Property Appraiser's Office

<b>Debt Payable from Enterprise Revenues</b>	<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Assessed Value</b>	<b>Net Bonded Debt per Capita</b>
-	-	0.0	-
-	-	0.0	-
-	-	0.0	-
-	-	0.0	-
-	-	0.0	-
-	-	0.0	-
-	-	0.0	-
-	-	0.0	-
-	-	0.0	-
-	-	0.0	-

**City of Winter Garden, Florida**  
**Ratio of Annual Debt Service Expenditures**  
**For General Obligation Bonded Debt**  
**to Total General Governmental Expenditures**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>Total General Governmental Expenditures<sup>1</sup></b>	<b>Ratio of Debt Service to General Governmental Expenditures</b>
1996	\$ -	\$ -	\$ -	\$ 5,937,838	0.0%
1997	-	-	-	6,985,098	0.0
1998	-	-	-	8,072,804	0.0
1999	-	-	-	9,118,453	0.0
2000	-	-	-	9,336,395	0.0
2001	-	-	-	15,711,147	0.0
2002	-	-	-	13,714,667	0.0
2003	-	-	-	18,251,200	0.0
2004	-	-	-	19,529,774	0.0
2005	-	-	-	20,804,476	0.0

<sup>1</sup>Includes general, special revenue, and debt service funds

**City of Winter Garden, Florida**  
**Computation of Direct and Overlapping Bonded Debt**  
**General Obligation Bonds**  
**September 30, 2005**

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to the City of Winter Garden</u>	<u>Amount Applicable to the City of Winter Garden</u>
Direct:			
City of Winter Garden	\$ -	100.0%	\$ -
Overlapping:			
Orange County Library District	<u>1,200,000</u>	1.7	<u>20,400</u>
Total	<u>\$ 1,200,000</u>		<u>\$ 20,400</u>

Source: Orange County Library System

**City of Winter Garden, Florida  
Revenue Bond Coverage  
Water and Sewer Revenue Bonds  
Last Ten Fiscal Years**

Fiscal Year	Gross Revenues <sup>1</sup>	Operating Expenses <sup>2</sup>	Net Revenue Available for Debt Service	Debt Service Requirements			
				Principal	Interest	Total	Coverage
1996	3,084,075	2,159,993	924,082	103,000	71,300	174,300	5.30
1997	2,922,535	2,002,051	920,484	113,000	65,250	178,250	5.16
1998	3,215,578	2,110,348	1,105,230	118,000	58,600	176,600	6.26
1999	3,302,282	2,251,908	1,050,374	129,000	51,650	180,650	5.81
2000	3,866,695	2,376,380	1,490,315	135,000	44,050	179,050	8.32
2001	4,968,544	2,823,265	2,145,279	146,000	36,100	182,100	11.78
2002	5,784,679	3,227,291	2,557,388	16,000	27,500	43,500	58.79
2003	5,799,376	3,809,422	1,989,954	-	-	-	N/A
2004	6,974,607	4,658,418	2,316,189	-	-	-	N/A
2005	7,928,757	5,568,578	2,360,179	-	-	-	N/A

<sup>1</sup>Total revenues exclusive of impact fees and investment earnings thereon

<sup>2</sup>Total operating expenses exclusive of depreciation

**City of Winter Garden, Florida  
Demographic Statistics  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population<sup>1</sup></b>		<b>Labor Force (Countywide)<sup>2</sup></b>			<b>Unemployment Rate</b>
	<b>City of Winter Garden</b>	<b>Orange County</b>	<b>Civilian Labor Force</b>	<b>Employed</b>	<b>Unemployed</b>	
1996	12,761	777,556	437,764	419,867	17,897	4.1
1997	13,118	803,614	461,760	445,606	16,154	3.5
1998	13,485	824,095	476,040	461,273	14,767	3.1
1999	13,863	846,328	494,103	480,662	13,441	2.7
2000	14,251	896,344	519,131	505,459	13,672	2.6
2001	16,097	930,034	506,910	484,146	22,764	4.5
2002	18,301	955,865	511,641	485,262	26,379	5.2
2003	20,378	980,195	538,962	511,926	27,036	5.0
2004	22,242	1,013,937	569,814	544,606	25,208	4.4
2005	24,610	1,043,437	560,375	540,809	19,566	3.5

<sup>1</sup>Source: University of Florida, Bureau of Economics and Business Research

<sup>2</sup>Source: Florida Department of Labor and Employment Security (1996-2002)  
Florida Agency for Workforce Innovation (2003-2005)

**City of Winter Garden, Florida  
Property Value and Construction  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Real and Personal Property Value<sup>1</sup></b>	<b>Commercial Construction<sup>2</sup></b>		<b>Residential Construction<sup>2</sup></b>	
		<b>Number of Units</b>	<b>Value</b>	<b>Number of Units</b>	<b>Valuation Value</b>
1996	434,454,774	67	7,264,413	182	13,620,286
1997	475,361,779	30	3,072,423	60	5,838,402
1998	508,368,966	165	6,334,057	295	28,847,283
1999	550,213,771	184	10,795,182	283	34,713,777
2000	622,576,590	251	14,222,711	561	88,093,539
2001	775,272,073	250	16,000,052	643	93,461,137
2002	976,700,654	186	10,806,648	799	120,389,033
2003	1,169,398,119	327	28,138,112	769	121,641,891
2004	1,391,096,737	461	23,664,014	1,372	193,764,408
2005	1,779,972,299	202	14,180,968	1,145	152,582,935

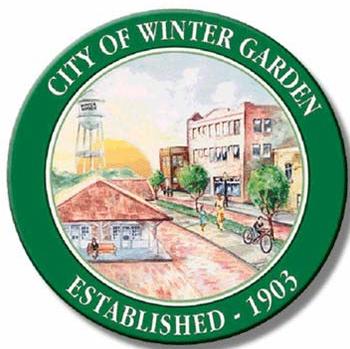
<sup>1</sup>Source: Orange County Property Appraiser's Office

<sup>2</sup>Source: Planning, Zoning, and Development Department

**City of Winter Garden, Florida  
Miscellaneous Statistics  
September 30, 2005**

Date of Incorporation	1903
Form of Government	Commission/Manager
Number of employees (excluding police and fire)	189
Area in square miles	17
Name of City facilities and services:	
Culture and Recreation:	
Parks	8
Park acreage	61
Swimming pools	2
Tennis Courts	6
Fire Protection:	
Number of stations	2
Number of fire personnel and officers	37
Number of inspections conducted:	
Initial inspections	615
Re-inspections	502
Occupational license inspections	130
Number of plan reviews conducted:	
Site plan reviews	177
Construction plan reviews	120 *
Number of public education events held	47
Police Protection:	
Number of stations	1
Number of police personnel and officers:	
Non-sworn	15
Sworn	46
Number of law violations:	
Physical arrests:	
Adult	1,615
Juvenile	361
Traffic violations	8,214
Sewerage System:	
Number of treatment plants	1
Number of service connections	10,689
Water System:	
Number of treatment plants	4
Number of service connections	11,449

\*Estimated



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# COMPLIANCE AND INTERNAL CONTROL SECTION







# Sines, Girvin, Blakeslee & Campbell

Certified Public Accountants, P.A.

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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTER BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor, Members of the  
City Commission and City Manager  
City of Winter Garden, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Winter Garden, Florida, ("the City") as of and for the year ended September 30, 2005, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 28, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

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

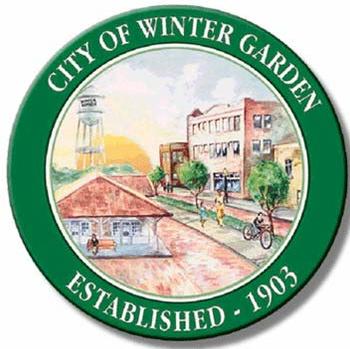
### Compliance

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, grants, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the City Commission, management and federal/state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Sines, Girvin, Blakeslee &amp; Campbell".

Sines, Girvin, Blakeslee & Campbell  
Certified Public Accountants, P.A.  
February 28, 2006



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# Sines, Girvin, Blakeslee & Campbell

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

Honorable Mayor, Members of the  
City Commission and City Manager  
City of Winter Garden, Florida

### Compliance

We have audited the compliance of the City of Winter Garden, 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 are applicable to its major federal program for the year ended September 30, 2005. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards, OMB Circular A-133 and Chapter 10.550, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program 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 of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal awards program for the year ended September 30, 2005.

### 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 requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Honorable Mayor, Members of the  
City Commission and City Manager  
City of Winter Garden, Florida

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

**Schedule of Expenditures of Federal Awards and State Financial Assistance**

We have audited the compliance of 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 are applicable to its major federal program for the year ended September 30, 2005 as indicated above. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to auditing procedures, as considered necessary, and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

  
Sines, Girvin, Blakeslee & Campbell  
Certified Public Accountants, P.A.  
February 28, 2006

**City of Winter Garden, Florida  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2005**

**EXPENDITURES OF FEDERAL AWARDS**

Grantor/Pass-through Grantor/Program	Identification Number	CFDA Number	Federal Expenditures
<u>U.S. Department of Justice</u>			
Local Law Enforcement Block Grant	2005-LEBG-ORAN-3-LN-133	16.592	\$ 7,071
Passed through the Florida Department of Law Enforcement:			
Byrne Formula Grant	2005-CJ-K3-06-58-01-161	16.579	36,000
Bulletproof Vest Partnership Program	05027184	16.607	1,322
<u>U.S. Department of Treasury</u>			
Gang Resistance Education & Training	2004-JV-FX-0047	21.053	6,381
<u>Federal Highway Administration</u>			
Passed through the Florida Department of Transportation:			
Highway Planning and Construction	419573-1-78-01	20.205	1,383
	419573-1-78-02	20.205	4,962
	419573-2-78-01	20.205	1,141
	419573-2-78-02	20.205	7,660
	419573-3-78-01	20.205	833
	419573-3-78-02	20.205	5,589
<u>U.S. Environmental Protection Agency</u>			
Passed through Florida Department of Environmental Protection:			
Capitalization Grants for Clean Water State Revolving Funds	WWG12039808L	66.458	307,770
	SW39809P	66.458	24,336
			<u>332,106</u>
Capitalization Grants for Drinking Water State Revolving Funds	DW4801010	66.468	59,358
<u>U.S. Department of Homeland Security</u>			
Passed through the Florida Department of Community Affairs			
Public Assistance Grants	FEMA-1539-DR-FL	97.036	8,843
	FEMA-1545-DR-FL	97.036	38,992
			<u>47,835</u>
Assistance to Firefighters Grant	EMW-2004-FG-20190	97.044	116,337
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b><u>\$ 627,978</u></b>

**Notes to Schedule of Expenditures of Federal Awards**

Basis of Accounting

The Schedule has been prepared in accordance with accounting principles generally accepted in the United States of America. Expenditures have been recognized on the schedule and are reflected in the City of Winter Garden's financial statements in accordance with the accrual basis of accounting.

**City of Winter Garden, Florida**  
**Schedule of Findings and Questioned Costs — Federal Awards Programs**  
**For the Year Ended September 30, 2005**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: **Unqualified**

Internal control over financial reporting:

- . Material weakness(es) identified? \_\_\_\_\_ Yes        X   No
- . Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes        X   None reported
- Noncompliance material to financial statements noted. \_\_\_\_\_ Yes        X   No

**Federal Awards**

Internal control over major federal programs:

- . Material weakness(es) identified? \_\_\_\_\_ Yes        X   No
- . Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes        X   None reported

Type of auditor's report issued on compliance for major federal programs: **Unqualified**

Any audit findings disclosed that are required to be reported in accordance with the Rules of the Auditor General? \_\_\_\_\_ Yes        X   No

Identification of major federal programs:

**CFDA Number**

66.458

Dollar threshold used to distinguish between type A and type B Programs: Federal

**Name of Federal Program**

Capitalization Grants for Clean Water State Revolving Funds

\$ 300,000

Auditee qualifies as low-risk auditee: \_\_\_\_\_ Yes        X   No

**Section II - Financial Statement Findings**

None

**Section III - Findings and Questioned Costs - Major Federal Programs**

None

**Schedule of Prior Year Findings**

None



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## INDEPENDENT AUDITORS' MANAGEMENT LETTER

Honorable Mayor and Members of the  
City Commission and City Manager  
City of Winter Garden, Florida

We have audited the financial statements of the City of Winter Garden, Florida (the "City"), as of and for the fiscal year ended September 30, 2005, and have issued our report thereon dated February 28, 2006.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our report on compliance and internal control over financial reporting, which is dated February 28, 2006, and should be considered in conjunction with this management letter.

The Rules of the Auditor General (Section 10.554(1) (h) 1.) require that we address in the management letter, if not already addressed in the auditor's reports on compliance and internal controls, whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial audit report.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

The Rules of the Auditor General (Section 10.554(1) (h) 1.) require that we address in the management letter, if not already addressed in the auditor's reports on compliance and internal controls or schedule of findings and questioned costs, whether or not recommendations made in the preceding annual financial audit report have been followed. There were no recommendations made in the preceding annual financial audit report.

As required by the Rules of the Auditor General (Section 10.554(1) (h) 2.), the scope of our audit included 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.

The Rules of the Auditor General (Section 10.554(1)(h) 3.) require that we address in the management letter any findings and recommendations to improve financial management, accounting procedures, and internal control. In connection with our audit, we did not have any such findings.

The Rules of the Auditor General (Section 10.554(1)(h) 4.) require disclosure in the management letter of the following matters if not already addressed in the auditor's reports on compliance and internal controls: (1) violations of laws, rules, regulations, and contractual provisions that have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. Our audit disclosed no such matters.

The Rules of the Auditor General (Section 10.554(1)(h)5.) also require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. Legal authority of the City and component unit is disclosed in the notes to the financial statements.

As required by the Rules of the Auditor General (Section 10.554(1) (h) 6.a.), a statement must be included as to whether or not the local government entity has met one or more of the conditions in Section 218.503(1), regarding financial emergencies. 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.

As required by the Rules of the Auditor General (Section 10.554(1) (h) 6.b.), we determined that the annual financial report for the City for the fiscal year ended September 30, 2005, filed with the Department of Financial Services pursuant to Section 218.32, Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2005.

In accordance with the Rules of the Auditor General (Sections 10.554(1) (h) 6.c. and 10.556(7)), we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by the same.

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



Sines, Girvin, Blakeslee and Campbell, P.A.  
Certified Public Accountants, P.A.  
February 28, 2006