CITY OF WINTER GARDEN, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2007

CITY OF WINTER GARDEN, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Year Ended

September 30, 2007

Prepared by:

Finance Department

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

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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

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LIST OF ELECTED AND APPOINTED OFFICIALS

CITY OF WINTER GARDEN

OFFICE OF THE CITY MANAGER
251 W. PLANT STREET
WINTER GARDEN, FL 34787
TEL: (407) 656-4111 • FAX (407) 656-4952

March 25, 2008

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, 2007 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, 2007, 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 certified public accountant concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended September 30, 2007, are fairly presented in all material respects in conformity with GAAP. The report of independent certified public accountants is presented as the first component of the financial 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 independent certified public accountants.

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 at a slower pace in the coming years. The City currently occupies a land area of approximately sixteen square miles and serves a population of 30,065. 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, City Clerk, 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 three-year staggered terms, with the Mayor and one Commissioner elected every three 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.

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 3.9 percent in 2007, as compared to 3.0 percent in 2006. With the continued strength of the tourist industry, as well as the growing digital media, software and hardware, and medical industries 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 28,440 in 2006 to 30,065 in 2007. 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 and specialty shops have opened, and the 1930's era "Garden Theatre", dark since 1962, has undergone a complete restoration and recently opened its doors once again. 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 the previous fiscal year, the City added an Economic Development Coordinator position to focus on improving business retention, business expansion, business attraction, and the encouragement of entrepreneurial growth. With an emphasis on attracting the digital media, software and hardware, and medical industries to the City, these efforts should work to ensure the long-term economic vitality of the community.

During the current fiscal year, construction neared completion on Winter Garden Village at Fowler Groves, a 1.15 million square foot regional open-air shopping center (the "Mall") on 175 acres in the City's southern area. The Mall opened in early fiscal year 2008 and is the largest of its kind in Central Florida. It is expected to draw shoppers from all of West Orange County and has created numerous jobs, in addition to providing convenient shopping for local residents.

Long-term financial planning

Unreserved, undesignated fund balance in the General Fund decreased as a percentage of total expenditures from 47% to 41% during the current fiscal year. This is consistent with management's target level of 30% and it is expected to move further toward that target based on the fiscal 2008 budget. As part of that plan, the City has budgeted $2 million for renovations of an existing building for a recreation complex. This complex will centralize many of the recreation programs into one location and is expected to reduce overall operating costs of the department in the long-run, while at the same time improving services to the citizens.

Relevant financial policies

It is the City's policy that it will keep investment maturities short in a period of an inverted yield curve. Given the recent uncertainty of interest rates, durations of investments were reduced slightly during the fiscal year. Effective durations at the beginning of the fiscal year were 1.67 years for the governmental fund portfolio and 1.63 years for the enterprise fund portfolio, and 1.58 years and 1.60 years at the end of the fiscal year, respectively.

Major initiatives

In the current fiscal year, the City broke ground on the construction of a new city hall at a total estimated cost of $14,599,102. Bonds were issued in fiscal year 2006 in the amount of $12,025,000 with a pledge of local government half-cent sales tax revenues to fund the majority of the project. This new building will have three floors and approximately 40,000 square feet of office space, which should accommodate City staff at build out. When the new City Hall is completed, it is envisioned that the Police Department will utilize the current City Hall for additional office space.

During the current fiscal year, construction was completed on the widening of Daniels Road North. Total construction costs were $10,382,748 including related utility work. The majority of these costs were funded by a contribution from the developer of the Mall, as this development necessitated the widening.

During the current fiscal year, preliminary planning and engineering work began on the widening of County Road 545. Total construction costs for this project are expected to be $14,000,000, the majority of which will be funded by the issuance of debt.

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, 2006. This was the fourth 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 GAAP 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

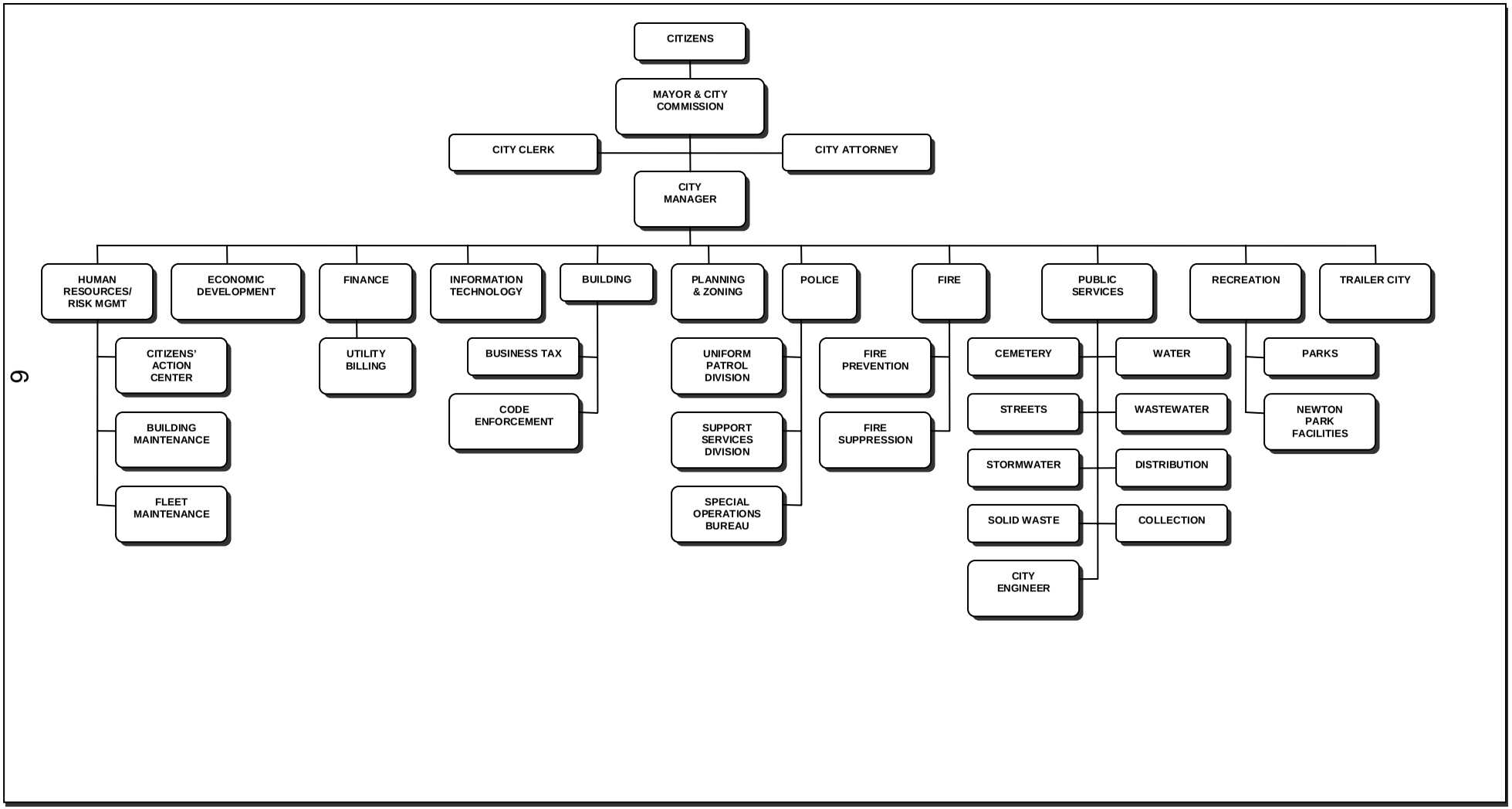
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2006

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

President

Executive Director

CITY OF WINTER GARDEN
ORGANIZATIONAL CHART



CITY OF WINTER GARDEN, FLORIDA
LIST OF ELECTED AND APPOINTED OFFICIALS
As of September 30, 2007

Elected Officials

Mayor	Jack L. Quesinberry
City Commissioner—District 1	Gerald H. Jowers
City Commissioner—District 2	James R. Buchanan
City Commissioner—District 3	Harold L. Bouler
City Commissioner—District 4	Colin P. Sharman

Appointed Officials

City Manager	Michael L. Bollhoefer
Assistant City Manager	G. Marshall Robertson, Jr.
Assistant to the City Manager - Public Services	Donald R. Cochran
City Clerk	Kathy Golden
City Attorney	Kurt Ardaman
Human Resource Director	Frank M. Gilbert
Economic Development Director	Vacant
Finance Director	Brian G. Strobeck
Information Technology Director	Robert D. Reilly
Planning Director	Ed Williams
Building Official	Willie D. Herbert
Police Chief	George A. Brennan
Fire Chief	John W. Williamson, II
Recreation Director	Joseph H. Conn

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FINANCIAL SECTION

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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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

Report of Independent Certified Public Accountants

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, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express 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. We were not engaged to perform an audit of the City's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes 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. 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 of the City as of September 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, Community Redevelopment 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 March 25, 2008 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis 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.

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 financial 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 and individual fund financial statements and schedules 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.
March 25, 2008

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, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-4 of this report.

Financial Highlights

- The assets of the City exceeded liabilities on September 30, 2007 by $162,050,155. The unrestricted net assets on this date were $36,563,313. These funds are available to meet the ongoing obligations of the City.
- The net assets of governmental activities on September 30, 2007 equaled $92,760,476. Of this amount, $15,713,022 was unrestricted. The net assets of business-type activities equaled $69,289,679. Of this amount $20,850,291 was unrestricted.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $48,719,223. Of this amount, $38,068,058 is available for spending at the government's discretion (unreserved fund balance); however, $27,707,922 reported in the Impact Fee Fund is required to be used for capital projects and equipment purchases related to growth for police, fire, road, and recreation and $1,205,154 reported in the New City Hall Capital Projects Fund has been designated for the construction of a new city hall.
- Unreserved fund balance in the General Fund was $9,628,932 at the end of the fiscal year, or 41 percent of total expenditures.
- Net assets in the Pension Trust Fund for General Employees increased $2,503,628. Net assets in the Pension Trust Fund for Firefighters and Police Officers increased $2,620,820.

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 27-29 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 nine 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, the Community Redevelopment Agency Fund, the Impact Fee Fund, and the New City Hall Capital Projects Fund, all of which are considered to be major funds. Data from the other five 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 30-39 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 40-43 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 44-45 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 47-74 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 page 75 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 78-92 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 $162,050,155 at the close of the

most recent fiscal year. The City's increase in net assets for this fiscal year amounts to $29,453,908.

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 $84,525,294 or 52 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.

CITY OF WINTER GARDEN'S Net Assets

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	$57,742,252	$55,053,761	$36,091,700	$36,208,178	$ 93,833,952	$ 91,261,939
Capital assets	59,348,259	38,757,214	48,455,298	43,190,386	107,803,557	81,947,600
Total assets	117,090,511	93,810,975	84,546,998	79,398,564	201,637,509	173,209,539
Long-term liabilities outstanding	17,224,462	17,751,764	12,157,499	12,748,758	29,381,961	30,500,522
Other liabilities	7,105,573	6,552,447	3,099,820	3,560,323	10,205,393	10,112,770
Total liabilities	24,330,035	24,304,211	15,257,319	16,309,081	39,587,354	40,613,292
Net assets:						
Invested in capital assets, net of related debt	48,751,070	34,495,162	35,774,224	29,848,390	84,525,294	64,343,552
Restricted	28,296,384	22,822,073	12,665,164	13,230,076	40,961,548	36,052,149
Unrestricted	15,713,022	12,189,529	20,850,291	20,011,017	36,563,313	32,200,546
Total net assets	$92,760,476	$69,506,764	$69,289,679	$63,089,483	$162,050,155	$132,596,247

An additional portion of the City's net assets (25 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets ($36,563,313) 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.

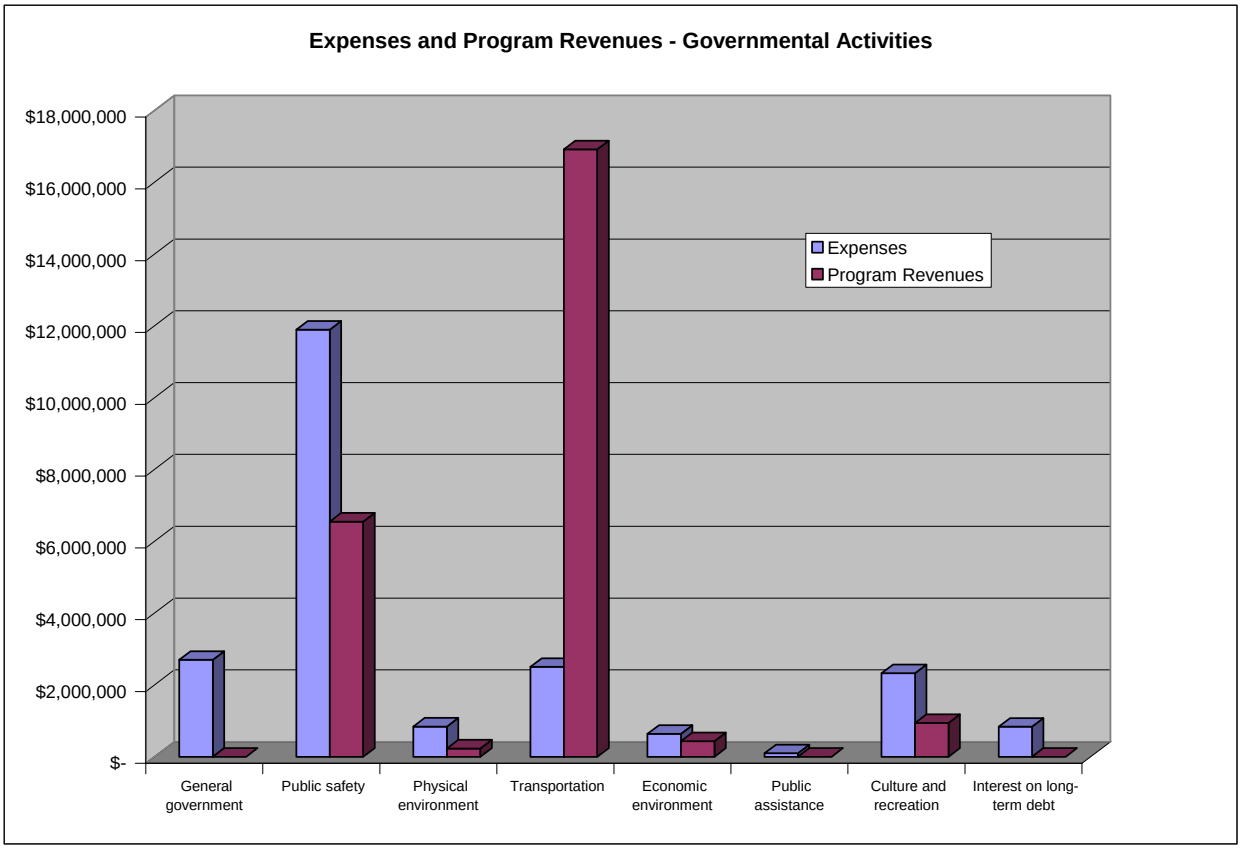
The City's net assets increased by $29,453,908 during the current fiscal year. The majority of this increase represents the degree to which impact fee revenues have outstripped depreciation expense on capital assets purchased with impact fees.

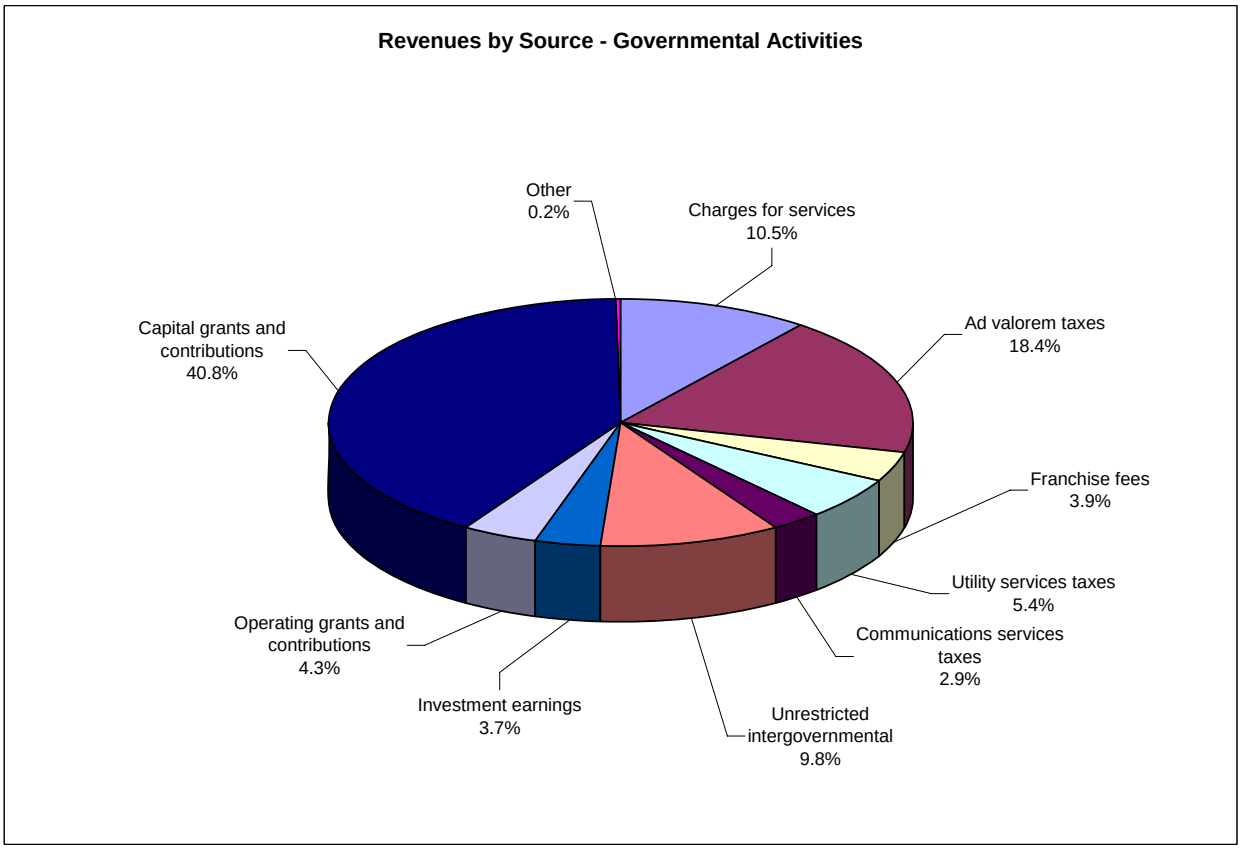
Governmental activities. Governmental activities increased the City's net assets by $23,253,712, thereby accounting for 79 percent of the total growth in net assets of the City. Key elements of this increase are as follows:

- The City received a contribution of right-of-way from a developer valued at $2,396,900 for road improvements necessitated by their project. This entire contribution has the effect of increasing net assets since land is not depreciated.
- The City experienced rapid growth in new construction during the current fiscal year, resulting in the collection of $13,871,394 for road, police, fire, and recreation impact fees. While these funds are used for major capital purchases, the related assets are depreciated 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.

CITY OF WINTER GARDEN'S Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	$ 4,739,191	$ 4,651,173	$13,812,087	$12,187,969	$18,551,278	$16,839,142
Operating grants and Contributions	1,935,703	1,549,023	-	32,109	1,935,703	1,581,132
Capital grants and Contributions	18,410,818	19,154,514	5,052,885	5,135,587	23,463,703	24,290,101
General revenues:						
Ad valorem	8,297,193	5,777,996	-	-	8,297,193	5,777,996
Franchise fees	1,773,927	1,563,590	-	-	1,773,927	1,563,590
Utility service taxes	2,432,494	2,138,583	-	-	2,432,494	2,138,583
Communication services Taxes	1,323,649	1,214,940	-	-	1,323,649	1,214,940
Unrestricted Intergovernmental	4,432,087	4,185,961	-	-	4,432,087	4,185,961
Investment earnings	1,668,231	706,182	564,484	385,411	2,232,715	1,091,593
Gain (loss) on sale of capital Assets	-	-	14,832	20,156	14,832	20,156
Other	101,207	90,626	-	-	101,207	90,626
Total revenues	45,114,500	41,032,588	19,444,288	17,761,232	64,558,788	58,793,820
Expenses:						
General government	2,701,941	2,565,945	-	-	2,701,941	2,565,945
Public safety	11,898,442	9,998,835	-	-	11,898,442	9,998,835
Physical environment	843,671	850,605	-	-	843,671	850,605
Transportation	2,505,649	2,302,093	-	-	2,505,649	2,302,093
Economic environment	641,944	214,813	-	-	641,944	214,813
Public assistance	101,330	88,909	-	-	101,330	88,909
Culture and recreation	2,328,830	2,082,868	-	-	2,328,830	2,082,868
Interest on long-term debt	838,981	424,215	-	-	838,981	424,215
Water and sewer	-	-	8,765,465	9,404,856	8,765,465	9,404,856
Solid Waste	-	-	3,455,158	3,140,333	3,455,158	3,140,333
Stormwater	-	-	785,573	641,121	785,573	641,121
Mobile home lot rentals	-	-	237,896	214,403	237,896	214,403
Total expenses	21,860,788	18,528,283	13,244,092	13,400,713	35,104,880	31,928,996
Increase in net assets before Transfers	23,253,712	22,504,305	6,200,196	5,360,519	29,453,908	26,864,824
Transfers	-	1,304,234	-	(1,304,234)	-	-
Increase in net assets	23,253,712	23,808,539	6,200,196	3,056,285	29,453,908	26,864,824
Net assets- beginning	69,506,764	45,698,225	63,089,483	60,033,198	132,596,247	105,731,423
Net assets- ending	$92,760,476	$69,506,764	$69,289,679	$63,089,483	$162,050,155	$132,596,247


Expenses and Program Revenues - Governmental Activities
$18,000,000
$16,000,000
$14,000,000
$12,000,000
$10,000,000
$8,000,000
$6,000,000
$4,000,000
$2,000,000
$-
Expenses
Program Revenues
General government
Public safety
Physical environment
Transportation
Economic environment
Public assistance
Culture and recreation
Interest on long-term debt


Revenues by Source - Governmental Activities
Other 0.2%
Charges for services 10.5%
Ad valorem taxes 18.4%
Franchise fees 3.9%
Utility services taxes 5.4%
Communications services taxes 2.9%
Unrestricted intergovernmental 9.8%
Investment earnings 3.7%
Operating grants and contributions 4.3%
Capital grants and contributions 40.8%

Business-type activities. Business-type activities increased the City's net assets by $6,200,196, accounting for 21 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 $3,143,439 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.

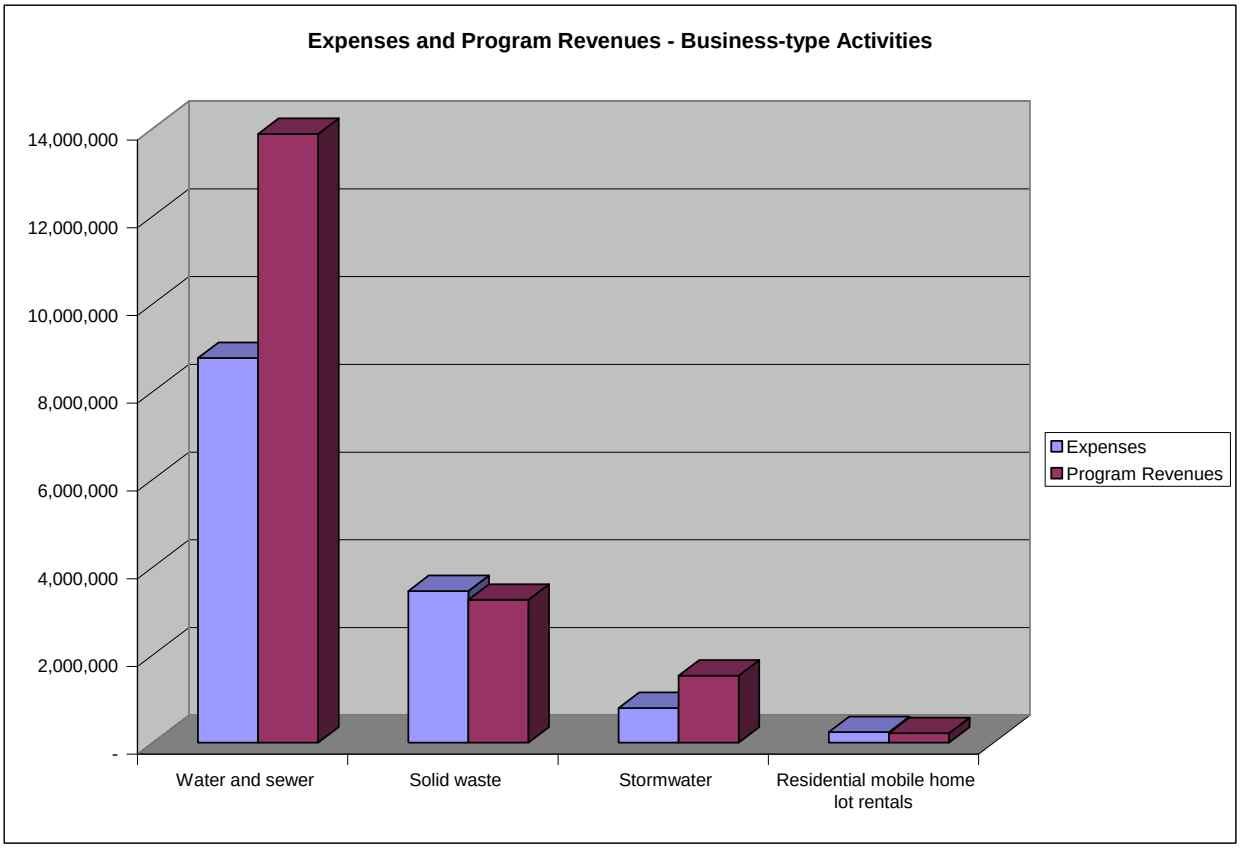
Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure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

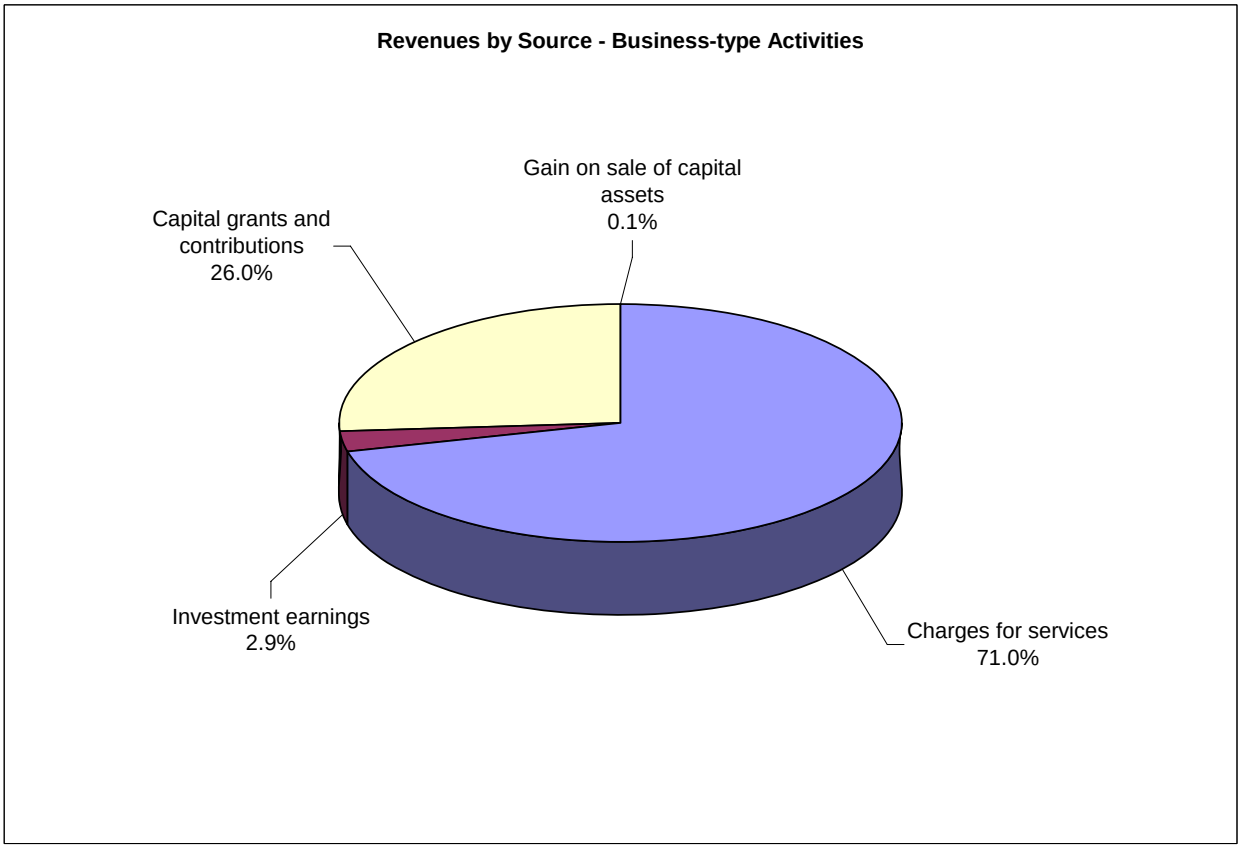
As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $48,719,223, an increase of $1,584,614. Of this amount, $38,068,058 is unreserved, which is available for spending at the City's discretion; however, $27,707,922 reported in the Impact Fee Fund is required to be used for capital projects and equipment purchases related to growth for police, fire, road, and recreation and $1,205,154 reported in the New City Hall Capital Projects Fund has been designated for the construction of a new city hall. The remaining fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) for encumbrances ($7,037,935), 2) for enforcement of the Florida Building Code ($1,566,525), 3) for advances to other funds ($1,370,022), or 4) for a variety of other restricted purposes ($676,683).

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 $9,628,932, while total fund balance was $13,242,146. 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 41 percent of general fund expenditures, while total fund balance represents 56 percent of the same amount.

The fund balance of the City's General Fund increased by $1,483,539 during the current fiscal year. The key factor in this growth is as follows:

- Fire control expenditures were $1,160,149 under budget. This was primarily due to amounts budgeted for a ladder truck and related equipment ($881,000), which was not expended during the current fiscal year.


Expenses and Program Revenues - Business-type Activities
14,000,000
12,000,000
10,000,000
8,000,000
6,000,000
4,000,000
2,000,000
-
Water and sewer
Solid waste
Stormwater
Residential mobile home lot rentals
Expenses
Program Revenues


Revenues by Source - Business-type Activities
Gain on sale of capital assets 0.1%
Capital grants and contributions 26.0%
Investment earnings 2.9%
Charges for services 71.0%

The Community Redevelopment Agency Fund is used to account for receipts of tax increment revenues from Orange County and the City and to account for expenditures for the redevelopment of the community redevelopment area. Fund balance increased $40,302 in this fund to result in a deficit fund balance of $372,862. The deficit fund balance is a result of an advance from the General Fund in fiscal year 2003 that was used to fund a downtown renovation project. The liability is reported in the balance sheet of the Community Redevelopment Agency; however, these funds were transferred to a capital projects fund to pay for the renovations, causing the deficit balance. As tax increment revenues increase, the deficit fund balance is expected to be eliminated.

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 $5,772,868 in this fund. The key factor in this increase was that transportation expenditures were under budget by $7,340,328. This was primarily due to amounts budgeted for construction ($16,508,131) for various road projects, of which only $8,164,658 was expended during the current fiscal year.

The New City Hall Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of a new city hall site and building. Fund balance decreased $5,413,726 in this fund due to the ongoing progress of the project.

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 $21,702,225. It is anticipated that much of this amount will be needed over the next few years to fund the relocation of utility lines due to the expansion of a major State Road (at an estimated cost of $7.5 million) and to advance the City's reclaimed water initiative (at an estimated cost of $16.7 million). Total growth in net assets for this fund was $5,667,793. Factors concerning this increase have already been addressed in the discussion of the City's business-type activities. Unrestricted net assets in the Solid Waste Fund at the end of the year amounted to a deficit of $595,944, with a decrease in net assets of $203,876. This is primarily due to startup costs associated with bringing commercial solid waste and recycling pickup in-house.

General Fund Budgetary Highlights

The General Fund budget was decreased by $951,822 from the original budget to the final amended budget (a decrease of 3%). These decreases can be summarized as follows:

- $141,253 increase in general government activities.
- $763,573 increase in public safety activities. This was primarily due to increases for law enforcement activities, including a new records management system ($413,397) and increases for fire control activities, including a new fire engine ($300,359).

- $22,187 decrease in physical environment activities.
- $10,958 increase in transportation activities.
- $40,500 decrease in economic environment activities.
- $1,779,919 decrease in culture and recreation activities. This was primarily due to the cancellation of a park extension project ($2,500,000). This was because an anticipated grant to fund this project was not awarded to the City.
- $25,000 decrease in reserve for contingencies.

The final budget for intergovernmental revenue was $5,417,423, while the actual amount was $4,519,135, a variance of ($898,288). This was primarily due to a $585,000 Community Development Block Grant that had been awarded for a parks and street renovation project. However, the project had not yet started construction as of the end of the fiscal year, and thus was not yet eligible for reimbursement.

While the final budget provided for the use of $159,320 of fund balance during the year, fund balance actually increased $1,483,539. This is primarily due to expenditures coming in under budget for the majority of departments and budgeted reserve for contingencies not being needed.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2007, amounts to $107,803,557 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, and construction work in progress. The total increase in the City's investment in capital assets for the current fiscal year was 32 percent (a 53 percent increase for governmental activities and a twelve percent increase for business-type activities).

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

- Construction for a new city hall began. Total costs for site acquisition, design, and construction are expected to be $14,599,102. As of the end of the current fiscal year, $7,403,332 had been expended on the project.

CITY OF WINTER GARDEN'S Capital Assets

	Governmental Activities	Business-type Activities	Total
Land	$ 16,317,325	$ 1,024,601	$ 17,341,926
Buildings	5,000,278	6,190,857	11,191,135
Improvements other than buildings	2,654,642	17,707,796	20,362,438
Machinery and equipment	9,568,790	5,495,258	15,064,048
Infrastructure	31,414,368	32,649,182	64,063,550
Construction work in progress	8,235,638	2,755,718	10,991,356
Less: accumulated depreciation	(13,842,782)	(17,368,114)	(31,210,896)
Net capital assets	$59,348,259	$ 48,455,298	$107,803,557

- Construction was completed on the widening of Daniels Road North. Total construction costs were $10,382,748 including related utility work.
- Preliminary planning and engineering work began on the widening of County Road 545. As of the end of the current fiscal year, $13,370 had been expended on this project. Total construction costs are expected to be $14,000,000.

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 $29,453,307. Of this amount, $4,927,233 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 2006 Sales Tax Revenue Bonds	$11,845,000
Series 2001 OOCEA Agreement	2,210,070
Series 2001 CRA Loan	2,717,163
Sub-total	16,772,233
Business Type:	
Series 2005 SRF Loan	24,336
Series 2004 SRF Loan	1,841,266
Series 2003 SRF Loan	9,847,222
Series 2001 SRF Loan	968,250
Sub-total	12,681,074
Total	$29,453,307

The City's total debt decreased by $1,107,452 (four percent) during the current fiscal year due to regular scheduled principal payments.

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, due to legislative tax reform, the City was mandated to reduce its millage rate to 9% below the rolled-back rate for fiscal year 2008. Thus, the City lowered its millage rate from 4.3040 to 3.3866, which equates to a $2,341,049 reduction in property tax revenues for fiscal year 2008 below the amount that would have been levied had the millage rate stayed the same. During the budget process for the fiscal year ending September 30, 2008, department heads focused on controlling costs and were successful in doing so.

On January 29, 2008, the Florida electorate approved an amendment to the Florida Constitution relative to property taxation. This amendment (referred to as Amendment 1) was placed on the ballot by the Florida Legislature at a special session held in October 2007. With respect to homestead property, Amendment 1 increases the current $25,000 homestead exemption by another $25,000 (for property values between $50,000 and $75,000), except for school district taxes. Since the new $25,000 homestead exemption does not apply to school district taxes, this effectively amounts to a $15,000 increase to the existing homestead exemption, resulting in an estimated annual savings of $240 for an average homeowner. Amendment 1 also allows property owners to transfer (make portable) up to $500,000 of their Save Our Homes benefits to their next homestead when they move. Save Our Homes became effective in 1995 and limits (caps) the annual increase in assessed value for homestead property to three percent (3%) or the percentage change in the Consumer Price Index, whichever is less.

With respect to non-homestead property, Amendment 1 limits (caps) the annual increase in assessed value for non-homestead property (businesses, industrial property, rental property, second homes, etc.) to ten percent (10%), except for school district taxes. The Amendment also provides a $25,000 exemption for tangible personal property.

Amendment 1 becomes effective on October 1, 2008, with the exception of the ten percent (10%) assessment cap on non-homestead property which becomes effective on January 1, 2009.

The estimated annual loss of property tax revenues for our City from the additional homestead exemption and the $25,000 exemption for tangible personal property is approximately $0.5 million. At present, there is no accurate way to determine the impact of the portability and assessment cap on non-homestead property provisions in terms of potential loss of property tax revenues. Estimates for our City range from 2% to 6% annually which would translate into an additional loss of property tax revenues of $0.2 to $0.6 million.

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 2.2% increase for commercial solid waste and recycling on January 1, 2007, based on the increase in the Consumer Price Index. Effective October 26, 2006, the City implemented a new rate schedule for traffic impact fees, as well as a new County Road 545 Benefit Overlay Area assigning an additional traffic impact fee to new development in a designated geographic area surrounding this road. Prior to the new rates, the traffic impact fee for a single family home was $3,059 in the northern benefit area and $3,974 in the southern benefit area. The new rates increase the traffic impact fee for a single family home to $5,765 for all areas of the City, with an additional $5,117 traffic impact fee for a single family home in the new Overlay Area. There are scheduled increases of 2.5% annually for the regular traffic impact fee through October 1, 2016 and 5% annually for the Overlay Area traffic impact fee through October 1, 2021.

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, 2007

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 12,392,563	$ 3,705,302	$ 16,097,865
Receivables (net of allowance for uncollectibles)	2,085,949	1,992,822	4,078,771
Internal balances	1,372,637	(1,372,637)	-
Due from other governmental units	756,738	-	756,738
Inventories	154,858	176,198	331,056
Investments	38,640,816	4,230,335	42,871,151
Prepaid items	587,169	15,052	602,221
Employee advances	4,000	-	4,000
Restricted cash, cash equivalents, and investments	-	27,344,628	27,344,628
Pension assets	1,747,522	-	1,747,522
Capital assets (net of accumulated depreciation):			
Land	16,317,325	1,024,601	17,341,926
Buildings	2,384,422	2,931,849	5,316,271
Improvements other than buildings	1,275,941	10,756,551	12,032,492
Machinery and equipment	4,104,047	1,845,420	5,949,467
Infrastructure	27,030,886	29,141,159	56,172,045
Construction work in progress	8,235,638	2,755,718	10,991,356
Total assets	117,090,511	84,546,998	201,637,509
LIABILITIES			
Accounts payable	2,570,752	336,780	2,907,532
Contracts payable	197,832	23,111	220,943
Due to other governmental units	1,994,226	-	1,994,226
Accrued interest payable	217,424	1,392	218,816
Accrued wages payable	212,409	46,300	258,709
Deposits	117,088	-	117,088
Unearned revenue	1,223,907	81,338	1,305,245
Other current liabilities	571,935	-	571,935
Liabilities payable from restricted assets	-	2,610,899	2,610,899
Noncurrent liabilities:			
Due within one year	139,959	22,321	162,280
Due in more than one year	17,084,503	12,135,178	29,219,681
Total liabilities	24,330,035	15,257,319	39,587,354
NET ASSETS			
Invested in capital assets, net of related debt	48,751,070	35,774,224	84,525,294
Restricted for:			
Public safety	4,661,715	-	4,661,715
Transportation	21,321,996	-	21,321,996
Culture and recreation	2,312,673	-	2,312,673
Debt service	-	560,282	560,282
Capital projects	-	11,806,089	11,806,089
Renewal and replacement	-	298,793	298,793
Unrestricted	15,713,022	20,850,291	36,563,313
Total net assets	$ 92,760,476	$ 69,289,679	$ 162,050,155

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, 2007

			Program Revenues		
Functions/Programs	**Expenses**	**Indirect Expenses Allocation**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Governmental activities:					
General government	$ 4,468,365	$ (1,766,424)	$ -	$ -	$ -
Public safety	11,898,442	-	3,453,966	566,628	2,531,586
Physical environment	1,261,249	(417,578)	233,303	-	-
Transportation	2,763,917	(258,268)	770,351	933,418	15,217,073
Economic environment	613,170	28,774	-	435,657	-
Public assistance	101,330	-	-	-	-
Culture and recreation	2,328,830	-	281,571	-	662,159
Interest on long-term debt	838,981	-	-	-	-
Total governmental activities	24,274,284	(2,413,496)	4,739,191	1,935,703	18,410,818
Business-type activities:					
Water and sewer	7,126,155	1,639,310	9,320,260	-	4,552,885
Solid waste	2,855,069	600,089	3,254,113	-	-
Stormwater	642,778	142,795	1,025,423	-	500,000
Residential mobile home lot rentals	206,594	31,302	212,291	-	-
Total business-type activities	10,830,596	2,413,496	13,812,087	-	5,052,885
Total Functions/Programs	$ 35,104,880	$ -	$ 18,551,278	$ 1,935,703	$ 23,463,703

General revenues:
Taxes:
Ad valorem
Franchise fees
Utility services
Communications services
Unrestricted intergovernmental
Investment earnings
Gain on sale of capital assets
Other
Total general revenues
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		
Governmental Activities	Business-type Activities	Total
$ (2,701,941)	$ -	$ (2,701,941)
(5,346,262)	-	(5,346,262)
(610,368)	-	(610,368)
14,415,193	-	14,415,193
(206,287)	-	(206,287)
(101,330)	-	(101,330)
(1,385,100)	-	(1,385,100)
(838,981)	-	(838,981)
3,224,924	-	3,224,924
-	5,107,680	5,107,680
-	(201,045)	(201,045)
-	739,850	739,850
-	(25,605)	(25,605)
-	5,620,880	5,620,880
3,224,924	5,620,880	8,845,804
8,297,193	-	8,297,193
1,773,927	-	1,773,927
2,432,494	-	2,432,494
1,323,649	-	1,323,649
4,432,087	-	4,432,087
1,668,231	564,484	2,232,715
-	14,832	14,832
101,207	-	101,207
20,028,788	579,316	20,608,104
23,253,712	6,200,196	29,453,908
69,506,764	63,089,483	132,596,247
$ 92,760,476	$ 69,289,679	$ 162,050,155

City of Winter Garden, Florida
Balance Sheet
Governmental Funds
September 30, 2007

	General	Community Redevelopment Agency
ASSETS		
Cash and cash equivalents	$ 3,181,308	$ 403,139
Receivables (net of allowance for uncollectibles)	2,085,949	-
Due from other funds	778,616	-
Advances to other funds	1,370,022	-
Due from other governmental units	449,769	-
Investments	9,621,666	-
Prepaid items	587,153	-
Employee advances	4,000	-
Total assets	$ 18,078,483	$ 403,139
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	$ 716,772	$ -
Contracts payable	-	-
Due to other governmental units	1,994,226	-
Accrued wages payable	212,409	-
Deposits	117,088	-
Deferred revenue	1,223,907	-
Other current liabilities	571,935	-
Advances from other funds	-	776,001
Total liabilities	4,836,337	776,001
Fund balances:		
Reserved for:		
Encumbrances	-	-
Police training and education	59,514	-
Television production equipment	30,000	-
Enforcement of Florida Building Code	1,566,525	-
Advances to other funds	1,370,022	-
Prepaid items	587,153	-
Unreserved (deficit), reported in:		
General fund	9,628,932	-
Special revenue funds	-	(372,862)
Debt service fund	-	-
Capital projects funds	-	-
Total fund balances (deficit)	13,242,146	(372,862)
Total liabilities and fund balances	$ 18,078,483	$ 403,139

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

Impact Fee	New City Hall Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
$ 5,766,163	$ 2,621,608	$ 420,345	$ 12,392,563
-	-	-	2,085,949
-	-	-	778,616
-	-	-	1,370,022
-	-	306,969	756,738
23,783,756	5,235,394	-	38,640,816
-	-	16	587,169
-	-	-	4,000
$ 29,549,919	$ 7,857,002	$ 727,330	$ 56,615,873
$ 1,493,604	$ 204,237	$ 156,139	$ 2,570,752
60,114	107,289	30,429	197,832
-	-	-	1,994,226
-	-	-	212,409
-	-	-	117,088
-	-	232,500	1,456,407
-	-	-	571,935
-	-	-	776,001
1,553,718	311,526	419,068	7,896,650
288,279	6,340,322	409,334	7,037,935
-	-	-	59,514
-	-	-	30,000
-	-	-	1,566,525
-	-	-	1,370,022
-	-	16	587,169
-	-	-	9,628,932
27,707,922	-	(109,167)	27,225,893
-	-	8,079	8,079
-	1,205,154	-	1,205,154
27,996,201	7,545,476	308,262	48,719,223
$ 29,549,919	$ 7,857,002	$ 727,330	$ 56,615,873

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City of Winter Garden, Florida
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Assets
September 30, 2007

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

Fund balances-total governmental funds	$ 48,719,223
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	59,348,259
Inventories are recognized as an expenditure at the time of purchase in the governmental funds.	154,858
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.	1,747,522
Earned but deferred revenue is recognized as a liability in the governmental funds.	232,500
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(17,224,462)
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.	(217,424)
Net assets of governmental activities	$ 92,760,476

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, 2007

	General	Community Redevelopment Agency
REVENUES		
Taxes:		
Ad valorem	$ 8,297,193	$ -
Franchise fees	1,773,927	-
Utility services	2,432,494	-
Communications services	1,323,649	-
Licenses and permits	3,354,710	-
Intergovernmental	4,519,135	435,657
Charges for services	2,758,255	-
Fines and forfeits	323,793	-
Investment earnings	937,477	49,687
Rents and royalties	164,239	-
Impact fees	-	-
Contributions and donations	287,450	-
Other	101,207	-
Total revenues	26,273,529	485,344
EXPENDITURES		
Current:		
General government	4,769,353	-
Public safety	12,569,476	-
Physical environment	1,313,892	-
Transportation	1,658,867	-
Economic environment	218,240	232,938
Public assistance	101,330	-
Culture and recreation	3,043,502	-
Capital outlay	-	-
Debt service:		
Principal	22,831	-
Interest	2,064	39,970
Total expenditures	23,699,555	272,908
Excess (deficiency) of revenues over (under) expenditures	2,573,974	212,436
OTHER FINANCING SOURCES (USES)		
Transfers in	-	366,390
Transfers out	(1,102,279)	(538,524)
Sale of capital assets	11,844	-
Total other financing sources and (uses)	(1,090,435)	(172,134)
Net change in fund balances	1,483,539	40,302
Fund balances (deficit)—beginning	11,758,607	(413,164)
Fund balances (deficit)—ending	$ 13,242,146	$ (372,862)

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

Impact Fee	New City Hall Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
$ -	$ -	$ -	$ 8,297,193
-	-	-	1,773,927
-	-	-	2,432,494
-	-	-	1,323,649
-	-	-	3,354,710
-	-	1,246,070	6,200,862
-	-	-	2,758,255
-	-	50,621	374,414
1,568,252	637,666	43,401	3,236,483
-	-	-	164,239
13,871,394	-	-	13,871,394
2,396,900	-	-	2,684,350
221,250	-	-	322,457
18,057,796	637,666	1,340,092	46,794,427
-	-	-	4,769,353
453,781	-	379,444	13,402,701
-	-	-	1,313,892
11,057,636	-	1,269,226	13,985,729
-	-	-	451,178
-	-	-	101,330
783,511	-	-	3,827,013
-	6,051,392	-	6,051,392
-	-	565,703	588,534
-	-	698,501	740,535
12,294,928	6,051,392	2,912,874	45,231,657
5,762,868	(5,413,726)	(1,572,782)	1,562,770
-	-	1,274,413	1,640,803
-	-	-	(1,640,803)
10,000	-	-	21,844
10,000	-	1,274,413	21,844
5,772,868	(5,413,726)	(298,369)	1,584,614
22,223,333	12,959,202	606,631	47,134,609
$ 27,996,201	$ 7,545,476	$ 308,262	$ 48,719,223

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, 2007

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

Net change in fund balances—total governmental funds	$	1,584,614
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.		232,500
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.		20,613,819
In the statement of activities, only the gain 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.		(22,774)
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.		588,534
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.		128,268
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.		128,751
Change in net assets of governmental activities	$	23,253,712

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, 2007

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget
REVENUES				
Taxes:				
Ad valorem	$ 8,182,875	$ 8,182,875	$ 8,297,193	$ 114,318
Franchise fees	1,611,964	1,653,892	1,773,927	120,035
Utility services	2,266,766	2,311,689	2,432,494	120,805
Communications services	1,192,545	1,287,823	1,323,649	35,826
Licenses and permits	2,610,000	2,610,000	3,354,710	744,710
Intergovernmental	6,617,423	5,417,423	4,519,135	(898,288)
Charges for services	1,627,501	2,372,825	2,758,255	385,430
Fines and forfeits	233,000	246,550	323,793	77,243
Investment earnings	556,716	744,233	937,477	193,244
Rents and royalties	125,820	134,374	164,239	29,865
Contributions and donations	500,000	560,200	287,450	(272,750)
Other	76,900	109,810	101,207	(8,603)
Total revenues	25,601,510	25,631,694	26,273,529	641,835
EXPENDITURES				
Current:				
General government:				
Legislative	189,311	254,311	257,148	(2,837)
Financial and administrative	2,860,159	2,916,233	3,794,201	(877,968)
Legal counsel	160,233	265,596	322,182	(56,586)
Comprehensive planning	603,502	518,318	395,822	122,496
Total general government	3,813,205	3,954,458	4,769,353	(814,895)
Public safety:				
Law enforcement	7,334,922	7,697,615	7,292,902	404,713
Fire control	4,838,692	5,196,581	4,036,432	1,160,149
Protective inspections	1,618,897	1,661,888	1,240,142	421,746
Total public safety	13,792,511	14,556,084	12,569,476	1,986,608
Physical environment:				
Cemetery	153,132	154,632	163,574	(8,942)
Building maintenance	435,484	435,484	391,398	44,086
Fleet maintenance	414,646	425,046	409,621	15,425
Other	456,198	422,111	349,299	72,812
Total physical environment	1,459,460	1,437,273	1,313,892	123,381
Transportation:				
Engineering	1,154,233	1,173,753	979,714	194,039
Construction and maintenance	1,062,823	1,054,261	679,153	375,108
Total transportation	2,217,056	2,228,014	1,658,867	569,147
Economic environment	297,176	256,676	218,240	38,436
Public assistance	94,500	94,500	101,330	(6,830)
Culture and recreation	5,708,236	3,928,317	3,043,502	884,815
Reserve for contingencies	400,000	375,000	-	375,000
Debt service:				
Principal	24,850	24,850	22,831	2,019
Interest	2,308	2,308	2,064	244
Total expenditures	27,809,302	26,857,480	23,699,555	3,157,925
Excess (deficiency) of revenues over (under) expenditures	(2,207,792)	(1,225,786)	2,573,974	3,799,760
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,288,161)	(1,136,384)	(1,102,279)	34,105
Sale of capital assets	2,201,000	2,202,850	11,844	(2,191,006)
Total other financing sources and (uses)	912,839	1,066,466	(1,090,435)	(2,156,901)
Net change in fund balances	(1,294,953)	(159,320)	1,483,539	1,642,859
Fund balances—beginning	11,758,607	11,758,607	11,758,607	-
Fund balances—ending	$ 10,463,654	$ 11,599,287	$ 13,242,146	$ 1,642,859

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

City of Winter Garden, Florida
Community Redevelopment Agency Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
For the Year Ended September 30, 2007

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget
REVENUES				
Intergovernmental	$ 439,591	$ 435,657	$ 435,657	$ -
Investment earnings	41,000	49,083	49,687	604
Total revenues	480,591	484,740	485,344	604
EXPENDITURES				
Current:				
Economic environment	90,674	390,674	232,938	157,736
Debt service:				
Interest	39,970	39,970	39,970	-
Total expenditures	130,644	430,644	272,908	157,736
Excess of revenues over expenditures	349,947	54,096	212,436	158,340
OTHER FINANCING SOURCES (USES)				
Transfers in	366,390	366,390	366,390	-
Transfers out	(540,491)	(540,491)	(538,524)	1,967
Total other financing sources and (uses)	(174,101)	(174,101)	(172,134)	1,967
Net change in fund balances	175,846	(120,005)	40,302	160,307
Fund balances (deficits)—beginning	(413,164)	(413,164)	(413,164)	-
Fund balances (deficits)—ending	$ (237,318)	$ (533,169)	$ (372,862)	$ 160,307

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, 2007

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget
REVENUES				
Investment earnings	$ 973,243	$ 1,327,786	$ 1,568,252	$ 240,466
Contributions and donations	-	250,000	2,396,900	2,146,900
Impact fees	12,459,410	11,080,821	13,871,394	2,790,573
Other	-	-	221,250	221,250
Total revenues	13,432,653	12,658,607	18,057,796	5,399,189
EXPENDITURES				
Current:				
Public safety:				
Law enforcement	223,703	380,906	292,761	88,145
Fire control	1,970,000	1,970,000	161,020	1,808,980
Total public safety	2,193,703	2,350,906	453,781	1,897,125
Transportation	16,201,725	18,397,964	11,057,636	7,340,328
Culture and recreation	2,743,000	3,243,000	783,511	2,459,489
Debt service:				
Principal	2,210,070	2,210,070	-	2,210,070
Interest	97,379	218,017	-	218,017
Total expenditures	23,445,877	26,419,957	12,294,928	14,125,029
Excess (deficiency) of revenues over (under) expenditures	(10,013,224)	(13,761,350)	5,762,868	19,524,218
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	10,000	10,000	-
Issuance of debt	11,000,000	13,325,914	-	(13,325,914)
Total other financing sources and (uses)	11,000,000	13,335,914	10,000	(13,325,914)
Net change in fund balances	986,776	(425,436)	5,772,868	6,198,304
Fund balances—beginning	22,223,333	22,223,333	22,223,333	-
Fund balances—ending	$ 35,196,885	$ 34,708,375	$ 27,996,201	$ (6,712,174)

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, 2007

	Business-type Activities—Enterprise Funds			
	Water and Sewer Utility	**Solid Waste**	**Other Enterprise Funds**	**Totals**
ASSETS				
Current assets:				
Cash and cash equivalents	$ 3,369,711	$ -	$ 335,591	$ 3,705,302
Accounts receivable (net of allowance for uncollectibles)	1,316,444	302,679	102,280	1,721,403
Interest receivable	271,419	-	-	271,419
Inventories--materials and supplies	172,130	-	4,068	176,198
Investments	4,230,335	-	-	4,230,335
Prepaid Items	15,052	-	-	15,052
Restricted cash, cash equivalents, and investments for payment of current liabilities	2,610,899	-	-	2,610,899
Total current assets	11,985,990	302,679	441,939	12,730,608
Noncurrent assets:				
Restricted cash, cash equivalents, and investments:				
Capital projects	23,874,654	-	-	23,874,654
Renewal and replacement	298,793	-	-	298,793
Debt service	560,282	-	-	560,282
Total restricted	24,733,729	-	-	24,733,729
Capital assets:				
Land	700,149	261,152	63,300	1,024,601
Buildings	5,621,736	521,284	47,837	6,190,857
Improvements other than buildings	15,486,639	311,145	1,910,012	17,707,796
Machinery and equipment	2,384,419	2,614,040	496,799	5,495,258
Infrastructure	30,536,836	-	2,112,346	32,649,182
Construction work in progress	2,265,277	-	490,441	2,755,718
Less accumulated depreciation	(14,325,435)	(1,789,500)	(1,253,179)	(17,368,114)
Total capital assets (net of accumulated depreciation)	42,669,621	1,918,121	3,867,556	48,455,298
Total noncurrent assets	67,403,350	1,918,121	3,867,556	73,189,027
Total assets	79,389,340	2,220,800	4,309,495	85,919,635
LIABILITIES				
Current liabilities:				
Accounts payable	183,544	90,090	63,146	336,780
Notes and loans payable	-	-	6,222	6,222
Due to other funds	-	778,616	-	778,616
Due to other governmental units	1,201	-	21,910	23,111
Compensated absences	9,073	4,906	2,120	16,099
Accrued interest payable	-	-	1,392	1,392
Accrued wages payable	27,059	13,245	5,996	46,300
Deferred revenue	75,531	-	5,807	81,338
Payable from restricted assets:				
Accounts payable	476,915	-	-	476,915
Notes and loans payable	588,694	-	-	588,694
Contracts payable	70,673	-	-	70,673
Accrued interest payable	83,971	-	-	83,971
Customer deposits	1,390,646	-	-	1,390,646
Total current liabilities	2,907,307	886,857	106,593	3,900,757
Noncurrent liabilities:				
Notes and loans payable	12,068,044	-	18,114	12,086,158
Compensated absences	33,717	11,766	3,537	49,020
Advances from other funds	-	-	594,021	594,021
Total noncurrent liabilities	12,101,761	11,766	615,672	12,729,199
Total liabilities	15,009,068	898,623	722,265	16,629,956
NET ASSETS				
Invested in capital assets, net of related debt	30,012,883	1,918,121	3,843,220	35,774,224
Restricted for:				
Capital projects	11,806,089	-	-	11,806,089
Renewal and replacement	298,793	-	-	298,793
Debt service	560,282	-	-	560,282
Unrestricted	21,702,225	(595,944)	(255,990)	20,850,291
Total net assets	$ 64,380,272	$ 1,322,177	$ 3,587,230	$ 69,289,679

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, 2007

	Business-type Activities—Enterprise Funds			
	Water and Sewer Utility	**Solid Waste**	**Other Enterprise Funds**	**Totals**
Operating revenues:				
Licenses and permits	$ 13,850	$ -	$ -	$ 13,850
Charges for services	9,233,554	3,252,547	1,025,423	13,511,524
Other	72,856	1,566	212,291	286,713
Total operating revenues	9,320,260	3,254,113	1,237,714	13,812,087
Operating expenses:				
Personal services	1,804,030	879,807	415,888	3,099,725
Contractual services	968,843	1,041,820	43,193	2,053,856
Utilities	710,136	-	10,137	720,273
Supplies	725,673	475,197	22,735	1,223,605
Depreciation	1,782,597	207,554	231,176	2,221,327
Other services and charges	2,367,059	815,262	299,644	3,481,965
Total operating expenses	8,358,338	3,419,640	1,022,773	12,800,751
Operating income (loss)	961,922	(165,527)	214,941	1,011,336
Nonoperating revenues (expenses):				
Investment earnings	1,946,690	-	27,240	1,973,930
Impact fees	3,143,439	-	-	3,143,439
Gain (loss) on sale of capital assets	22,869	(2,831)	(5,206)	14,832
Contributions	-	-	500,000	500,000
Interest expense	(407,127)	(35,518)	(596)	(443,241)
Other grants and aids	-	-	(100)	(100)
Total nonoperating revenues (expenses)	4,705,871	(38,349)	521,338	5,188,860
Change in net assets	5,667,793	(203,876)	736,279	6,200,196
Total net assets—beginning	58,712,479	1,526,053	2,850,951	63,089,483
Total net assets—ending	$ 64,380,272	$ 1,322,177	$ 3,587,230	$ 69,289,679

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, 2007

	Business-type Activities—Enterprise Funds			
	Water and Sewer Utility	Solid Waste	Other Enterprise Funds	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 9,196,870	$ 3,209,839	$ 1,221,554	$ 13,628,263
Payments to suppliers	(4,923,892)	(1,576,506)	(521,812)	(7,022,210)
Payments to employees	(1,796,374)	(875,637)	(416,599)	(3,088,610)
Payments to other governmental units	(13,072)	-	-	(13,072)
Net cash provided by operating activities	2,463,532	757,696	283,143	3,504,371
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Other grants and aids	-	-	(100)	(100)
Interest paid on deposits	(39,633)	-	-	(39,633)
Net cash (used) by noncapital and related financing activities	(39,633)	-	(100)	(39,733)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Contributions	-	-	500,000	500,000
Purchases of capital assets	(5,814,755)	(820,581)	(898,494)	(7,533,830)
Principal paid on capital debt	(541,749)	-	-	(541,749)
Interest paid on capital debt	(401,899)	(35,518)	-	(437,417)
Proceeds from sales of capital assets	25,569	-	13,342	38,911
Impact fees received	3,143,439	-	-	3,143,439
Net cash (used) by capital and related financing activities	(3,589,395)	(856,099)	(385,152)	(4,830,646)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	47,211,737	-	-	47,211,737
Purchase of investments	(47,214,661)	-	-	(47,214,661)
Interest received	1,651,830	-	27,240	1,679,070
Net cash provided by investing activities	1,648,906	-	27,240	1,676,146
Net increase (decrease) in cash and cash equivalents	483,410	(98,403)	(74,869)	310,138
Cash and cash equivalents, October 1 (including $3,274,369 for the water and sewer fund reported in restricted accounts)	4,533,432	98,403	410,460	5,042,295
Cash and cash equivalents, September 30 (including $1,647,132 for the water and sewer fund reported in restricted accounts)	$ 5,016,842	$ -	$ 335,591	$ 5,352,433
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	$ 961,922	$ (165,527)	$ 214,941	$ 1,011,336
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,782,597	207,554	231,176	2,221,327
(Increase) in accounts receivable	(91,335)	(54,529)	(22,079)	(167,943)
Increase in allowance for uncollectible accounts	47,227	10,255	5,381	62,863
Decrease (increase) in inventories--materials and supplies	69,983	-	(4,068)	65,915
(Increase) in prepaid items	(15,052)	-	-	(15,052)
Increase in customer deposits	33,031	-	-	33,031
(Decrease) in accounts payable	(207,112)	(22,843)	(142,035)	(371,990)
Increase in due to other funds	-	778,616	-	778,616
Increase in due to other governmental units	1,201	-	-	1,201
Increase in accrued wages payable	6,974	5,046	1,659	13,679
Increase (decrease) in deferred revenue	(126,586)	-	538	(126,048)
Increase (decrease) in compensated absences	682	(876)	(2,370)	(2,564)
Total adjustments	1,501,610	923,223	68,202	2,493,035
Net cash provided by operating activities	$ 2,463,532	$ 757,696	$ 283,143	$ 3,504,371
Noncash investing, capital, and financing activities:				
Increase in fair value of investments	256,478	-	-	-

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, 2007

	Pension Trust Funds
ASSETS	
Cash and cash equivalents	$ 1,914,989
Receivables:	
Employer	622,539
Retiree	7,163
Member	2,252
Interest and dividends	149,133
Total receivables	781,087
Due from other governmental units	232,500
Investments, at fair value:	
Real estate investment trusts	3,243,387
Fixed income securities	9,472,985
Equities	18,377,418
Total investments	31,093,790
Total assets	34,022,366
LIABILITIES	
Accounts payable	21,951
Deferred revenue	232,500
Total liabilities	254,451
NET ASSETS	
Held in trust for pension benefits	$ 33,767,915

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, 2007

	Pension Trust Funds
ADDITIONS	
Contributions:	
Employer	$ 2,104,828
Plan members	50,345
Excise tax proceeds	315,397
Total contributions	2,470,570
Investment earnings:	
Interest	583,928
Dividends	477,775
Net increase in the fair value of investments	2,005,712
Gain on sale of investments	1,055,463
Total investment earnings	4,122,878
Less investment expense	183,156
Net investment earnings	3,939,722
Total additions	6,410,292
DEDUCTIONS	
Benefits	1,214,056
Refunds	7,724
Administrative	64,064
Total deductions	1,285,844
Change in net assets	5,124,448
Net assets—beginning	28,643,467
Net assets—ending	$ 33,767,915

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

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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 was created by the City Commission pursuant to the requirements of Chapter 163, Part III of the Florida Statutes through Ordinance Number 92-48, adopted on June 25, 1992 with the consent of the Orange County Board of County Commissioners. 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*.

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 *Community Redevelopment Agency Fund* accounts for the activities of the Community Redevelopment Agency.

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 *New City Hall Capital Projects Fund* accounts for financial resources to be used for the acquisition and construction of a new city hall site and building.

The City reports the following major proprietary funds:

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 accumulate resources for pension benefit payments to qualified employees.

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.

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 interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund 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 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 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:

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 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, 2007, all property was assessed according to its fair market value on January 1, 2006, 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 28, 2006. Tax bills were rendered November 1, 2006, and unpaid taxes became delinquent on April 1, 2007. On or prior to June 1, 2007, tax certificates were sold for all delinquent taxes on real property.

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 a 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 $17,224,462 difference are as follows:

Bonds, notes, and long-term agreements payable	$16,772,233
Capital lease payable	28,500
Compensated absences	423,729
Net adjustment to reduce *fund balance—total governmental funds* to arrive at *net assets—governmental activities*	$17,224,462

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 a 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 $20,613,918 difference are as follows:

Capital outlay	$22,982,520
Depreciation expense	(2,368,701)
Net adjustment to increase *net changes in fund balances—total governmental funds* to arrive at *changes in net assets of governmental activities*	$20,613,819

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 $588,534 difference are as follows:

Principal repayments:	
Capital leases	(22,831)
Revenue notes	(385,703)
Revenue bonds	(180,000)
Net adjustment to decrease *net changes in fund balances—total governmental funds* to arrive at *changes in net assets of governmental activities*	$(588,534)

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 $128,268 difference are as follows:

Compensated absences	$ (61,232)
Accrued interest	(98,446)
Pension asset	287,946
Net adjustment to decrease *net changes in fund balances—total governmental funds* to arrive at *changes in net assets of governmental activities*	$128,268

III. Budgetary compliance and accountability

A. Budgetary information

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

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 $17,048,803 in the governmental funds. These were primarily due to encumbrances outstanding at the end of the 2006 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, 2007, expenditures in the Police and Fire Premium Tax Trust Fund exceeded appropriations by $5,397. 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 $372,862 as of September 30, 2007. 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, 2007, the City had the following investments:

	Government-wide		Pension Trust Funds	
Investment Type	**Fair Value**	**Weighted Average Maturity (Years)**	**Fair Value**	**Weighted Average Maturity (Years)**
Money market funds	$ 37,589	0.00	$ 1,914,989	0.00
United States Government securities	10,336,096	1.61	1,014,638	25.94
United States Government Agencies	58,194,963	1.54	5,630,385	16.29
Corporate obligations	-	0.00	2,827,962	8.47
Repurchase agreements	4,926,277	0.00	-	0.00
Local Government Surplus Funds Investment Pool Trust Fund	14,498,643	NA	-	NA
Total fair value—Government-wide	$87,993,568			
Portfolio weighted average maturity		1.21		12.47
Real estate investment trusts			3,243,387	
Equities			18,377,418	
Total fair value—Pension Trust Funds			$33,008,779	

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:

Investment Type	Maximum Length to Maturity (Years)	Minimum Credit Quality (Moody's/ S&P)	Maximum Percent with a Single Issuer
	Government-wide		
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
	Pension Trust Funds		
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

The City's investments in United States Government Agencies were rated AAA by Standard and Poor's, with the exception of government-wide securities with a fair value of $6,085,765 that were rated A-1+.

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, 2007, the City's bank balance was $325,714. Of the bank balance, $100,000 was covered by federal depository insurance and $225,714 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, 2007, 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.

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:

	General	Water and Sewer Utility	Solid Waste	Nonmajor and Other Funds	Total
Receivables:					
Taxes	$ 318,719	$ -	$ -	$ -	$ 318,719
Accounts	320,741	1,623,936	364,764	799,432	3,108,873
Notes	1,302,488	-	-	-	1,302,488
Interest	344,051	271,419	-	149,133	764,603
Gross receivables	2,285,999	1,895,355	364,764	948,565	5,494,683
Less: allowance for Uncollectibles	(200,050)	(307,492)	(62,085)	(65,198)	(634,825)
Net total receivables	$2,085,949	$ 1,587,863	$302,679	$883,367	$4,859,858
Reported in:					
Governmental Activities	$2,085,949	$ -	$ -	$ -	$2,085,949
Business-type Activities	-	1,587,863	302,679	102,280	1,992,822
Fiduciary funds	-	-	-	781,087	781,087
Net total receivables	$2,085,949	$1,587,863	$ 302,679	$883,367	$4,859,858

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:

	Unavailable	Unearned
Police and fire premium taxes	$232,500	
Customer credit balances		$ 17,716
Developer agreements		590,559
Developer escrow accounts		615,632
Total deferred revenue for governmental funds	$232,500	$1,223,907

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:

	Unearned
Customer credit balances	$81,338

C. Capital assets and construction commitments

Capital asset activities for the year ended September 30, 2007 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$10,962,585	$ 5,354,740	$ -	$16,317,325
Construction in progress	3,804,669	7,435,466	(3,004,497)	8,235,638
Total capital assets, not being depreciated	14,767,254	12,790,206	(3,004,497)	24,552,963
Capital assets, being depreciated:				
Buildings	4,931,133	69,145	-	5,000,278
Improvements other than buildings	2,217,568	437,074	-	2,654,642
Machinery and equipment	7,957,755	2,008,563	(397,528)	9,568,790
Infrastructure	20,732,339	10,682,029	-	31,414,368
Total capital assets, being depreciated	35,838,795	13,196,811	(397,528)	48,638,078
Less accumulated depreciation for:				
Buildings	(2,307,181)	(308,675)	-	(2,615,856)
Improvements other than buildings	(1,268,146)	(110,555)	-	(1,378,701)
Machinery and equipment	(4,867,706)	(971,791)	374,754	(5,464,743)
Infrastructure	(3,405,802)	(977,680)	-	(4,383,482)
Total accumulated depreciation	(11,848,835)	(2,368,701)	374,754	(13,842,782)
Total capital assets, being depreciated, net	23,989,960	10,828,110	(22,774)	34,795,296
Governmental activities capital assets, net	$38,757,214	$23,618,316	$(3,027,271)	$59,348,259

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets, not being depreciated:				
Land	$ 1,024,601	$ -	$ -	$ 1,024,601
Construction in progress	3,630,570	2,386,388	(3,261,240)	2,755,718
Total capital assets, not being depreciated	4,655,171	2,386,388	(3,261,240)	3,780,319
Capital assets, being depreciated:				
Buildings and infrastructure	32,270,464	6,576,325	(6,750)	38,840,039
Improvements other than buildings	16,897,670	810,126	-	17,707,796
Machinery and equipment	4,697,627	998,719	(201,088)	5,495,258
Total capital assets, being depreciated	53,865,761	8,385,170	(207,838)	62,043,093
Less accumulated depreciation for:				
Buildings and infrastructure	(5,521,803)	(1,246,772)	1,544	(6,767,031)
Improvements other than buildings	(6,375,099)	(576,146)	-	(6,951,245)
Machinery and equipment	(3,433,644)	(398,409)	182,215	(3,649,838)
Total accumulated depreciation	(15,330,546)	(2,221,327)	183,759	(17,368,114)
Total capital assets, being depreciated, net	38,535,215	6,163,843	(24,079)	44,674,979
Business-type activities capital assets, net	$43,190,386	$8,550,231	$(3,285,319)	$48,455,298

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

Governmental activities:	
General government	$ 340,658
Public safety	652,666
Physical environment	50,964
Transportation	902,988
Economic environment	196,395
Culture and recreation	225,030
Total depreciation expense—governmental activities	$2,368,701
Business-type activities:	
Water and sewer	$1,782,597
Solid waste	207,554
Stormwater	217,264
Residential mobile home lot rentals	13,912
Total depreciation expense—business-type activities	$2,221,327

The City has active construction projects as of September 30, 2007. The projects include street and utility line construction; reclaimed water storage design; and utility and stormwater line upgrades. At year end, the City's commitments with contractors were as follows:

Project	Spent-to-Date	Remaining Commitment
Street and utility line construction	$ 673,006	$ 551,389
Intersection improvements	661,206	291,389
New City Hall construction	3,405,988	6,340,322
Reclaimed water storage construction	78,400	2,859,600
Utility line construction	819,823	113,136
Total	$5,638,423	$10,155,836

The commitment for the street and utility line construction is being funded by local option gas taxes, utility renewal and replacement restricted funds, and stormwater charges for services. The commitment for the intersection improvements is being funded by transportation impact fees, sewer impact fees, and stormwater charges for services. The commitment for the new City Hall construction is being funded by revenue bond proceeds. The commitment for the reclaimed water storage construction is being financed by sewer impact fees. The commitment for the utility line construction is being financed by water impact fees and utility renewal and replacement restricted funds.

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of September 30, 2007, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General	Solid Waste	$778,616

The outstanding balances between funds result from capital expenditures in the Solid Waste Fund necessary to bring commercial solid waste pickup and recycling operations in-house.

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
General	Community Redevelopment Agency	$ 776,001
	Nonmajor enterprise fund	594,021
Total		$1,370,022

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 for transfers to the Downtown Renovations Capital Projects Fund.

There is no set repayment schedule for the advance payable from the Nonmajor enterprise fund. The advance payable from the Community Redevelopment Agency Fund has 32 semi-annual installments remaining.

Interfund transfers:

	Transfer In:		
Transfer out:	Community Redevelopment Agency Fund	Nonmajor Governmental	Total
General Fund	$366,390	$735,889	$1,102,279
Community Redevelopment Agency Fund	-	538,524	538,524
Total transfers out	$366,390	$1,274,413	$1,640,803

Transfers from the General Fund to the Community Redevelopment Agency Fund were for the City's contribution of tax increment revenues. Transfers from the General Fund to nonmajor governmental funds were for matching contributions to the Law Enforcement Grants Fund and for debt service. Transfers from the Community Redevelopment Agency Fund to nonmajor governmental funds were for debt service.

E. Leases

Operating Leases

The City leases vehicles, holiday decorations, and other equipment under noncancelable operating leases. Total costs for such leases were $153,295 for the year ended September 30, 2007. The future minimum lease payments for these leases are as follows:

Year Ending September 30	Amount
2008	$ 65,493
2009	39,657
2010	24,214
2011	1,056
2012	1,056
Total	$131,476

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:

	Governmental Activities
Asset:	
Machinery and equipment	$118,531
Less: Accumulated depreciation	(94,824)
Total	$ 23,707

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2007, were as follows:

Year Ending September 30	Governmental Activities
2008	$27,158
2009	2,263
Total minimum lease payments	29,421
Less: amount representing interest	(921)
Present value of minimum lease payments	$28,500

F. Long-term debt

Revenue Bonds

The City has issued revenue bonds for the acquisition and construction of a new city hall. The original amount of the bonds was $12,025,000. These bonds are secured by a pledge of Local Government Half-Cent Sales Tax revenues. Revenue bonds outstanding at year end are as follows:

Purpose	Interest Rates	Amount
New city hall	4.00%-4.50%	$11,845,000

Revenue bond debt service requirements to maturity are as follows:

Year Ending September 30	Principal	Interest
2008	$ -	$ 251,738
2009	220,000	498,800
2010	230,000	489,381
2011	240,000	479,838
2012	250,000	470,038
2013-2017	1,395,000	2,190,088
2018-2022	1,700,000	1,881,159
2023-2027	2,075,000	1,490,663
2028-2032	2,565,000	992,266
2033-2037	3,170,000	365,519
	$11,845,000	$9,109,490

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:

Purpose	Interest Rates	Amount
Road project	5.62%	$2,210,070

Intergovernmental agreement debt service requirements to maturity are as follows:

Year Ending September 30	Principal	Interest
2008	$ -	$ 103,452
2009	-	206,904
2010	-	206,904
2011	3,133	203,771
2012	84,127	122,777
2013-2017	498,194	536,325
2018-2022	657,155	377,365
2023-2027	866,835	167,684
2028-2032	100,626	5,574
	$2,210,070	$1,930,756

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%	$2,717,163

Revenue note debt service requirements to maturity are as follows:

Year Ending September 30	Principal	Interest
2008	$ -	$ 66,978
2009	407,592	123,909
2010	427,687	103,319
2011	448,772	81,715
2012	470,896	59,045
2013-2017	962,216	46,796
	$2,717,163	$481,762

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 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, 2007, 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, 2007, interest has accrued in the amount of $85,363. 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%	$ 968,250
Wastewater treatment construction—Water and Sewer Utility	2.82%	9,847,222
Water treatment construction—Water and Sewer Utility	2.67%	1,841,266
Stormwater pollution control planning, design, and construction—Stormwater Utility	2.37%	24,336
Total reimbursements received and outstanding		12,681,074
Accrued interest		85,363
Total amounts outstanding		$12,766,437

Loan debt service requirements to maturity are as follows:

Year Ending September 30	Principal	Interest
2008	$ 594,916	$ 356,783
2009	613,172	338,527
2010	630,646	321,054
2011	643,177	303,097
2012	658,877	284,771
2013-2017	3,587,692	1,130,544
2018-2022	4,130,418	587,818
2023-2027	1,822,176	65,116
	$12,681,074	$3,387,710

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2007, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Revenue bonds	$12,025,000	$ -	$ (180,000)	$11,845,000	$ -
Intergovernmental agreements	2,210,070	-	-	2,210,070	-
Revenue notes	3,102,866	-	(385,703)	2,717,163	-
Capital leases	51,331	-	(22,831)	28,500	26,247
Compensated absences	362,497	520,506	(459,274)	423,729	113,712
Governmental activity Long-term liabilities	$17,751,764	$520,506	$(1,047,808)	$17,224,462	$139,959

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities					
Loans	$13,222,823	$ -	$(541,749)	$12,681,074	$594,916
Compensated absences	67,683	99,117	(101,681)	65,119	16,099
Business-type activity Long-term liabilities	$13,290,506	$99,117	$(643,430)	$12,746,193	$611,015

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, 2007 was $635,000.

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 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. Subsequent events

As discussed in Note IV. A., at September 30, 2007, the City had $14,498,643 invested in the State Board of Administration's Local Government Surplus Funds Trust Fund Investment Pool (Pool). On November 29, 2007, the State Board of Administration implemented a temporary freeze on the assets held in the Pool due to an unprecedented amount of withdrawals from the Fund coupled with the absence of market liquidity for certain securities within the Pool. The significant amount of withdrawals followed reports that the Pool held asset-backed commercial paper that was subject to sub prime mortgage risk. On December 4, 2007, based on recommendations from an outside financial advisor, the State Board of Administration restructured the Pool into two separate pools. Pool A consisted of all money market appropriate assets, which was approximately $12 billion or 86% of Pool assets. Pool B consisted of assets that either defaulted on a payment, paid more slowly than expected, and/or had any significant credit and liquidity risk, which was approximately $2 billion or 14% of Pool assets. At the time of the restructuring, all current pool participants had their existing balances proportionately allocated into Pool A and Pool B.

Currently, Pool A participants may withdraw 37% of their balance or $4 million, whichever is greater, without penalty. Withdrawals from Pool A in excess of the above limit are subject to a 2% redemption fee. New investments in Pool A are not subject to the redemption fee or withdrawal restrictions. Future withdrawal provisions from Pool A will be subject to further evaluation based on the maturities of existing investments and the liquidity requirements of the Pool. On December 21, 2007, Standard and Poor's Ratings Services assigned its "AAAm" principal stability fund rating to Pool A.

Currently, Pool B participants are prohibited from withdrawing any amount from the Pool and a formal withdrawal policy has not yet been developed. Market valuations of the assets held in Pool B are not readily available. In addition, full realization of the principle value of Pool B assets is not readily determinable.

As of February 21, 2008, the City had $7,728,440 and $1,503,171 invested in Pool A and B, respectively. Additional information regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration.

C. 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.

D. Joint ventures

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.

E. 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 seventeen 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, 2007, the City paid $62,710 for these benefits.

F. 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 17.35 percent of annual covered payroll.

Annual pension cost. For 2007, the City's annual pension cost was $1,038,173 and the City's annual required contribution was $1,014,294 for the Pension Plan for General Employees. Actual contributions were $1,111,595. The required contribution was determined as part of the October 1, 2005 actuarial valuation using the aggregate actuarial cost method. This method does not identify or separately amortize unfunded accrued actuarial liabilities. The actuarial value of assets is determined using a five year smoothing technique. The actuarial assumptions included (a) 7.5 percent investment rate of return (net of administrative expenses and includes inflation), (b) projected salary increases due to inflation and seniority/merit raises of 4.5 percent per year, compounded annually, and (c) no post retirement benefit increases.

Net Pension Obligation – NPO:

NPO at September 30, 2006	$(490,699)
Annual pension cost:	
Annual Required Contribution (ARC)	1,014,294
Interest credit	(36,802)
Adjustments to ARC	60,681
Total annual pension cost	1,038,173
Contributions made	(1,111,595)
Change in NPO	(73,422)
NPO at September 30, 2007	$(564,121)

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)
9/30/05	$ 726,195	110%	$(352,505)
9/30/06	902,135	115%	(490,699)
9/30/07	1,038,173	107%	(564,121)

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 firefighters and police officers 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 19.58 percent of annual covered payroll.

Annual pension cost. For 2007, the City's annual pension cost was $1,061,737 and the City's annual required contribution was $1,029,630, including State Premium Taxes, for the Pension Plan for Firefighters and Police Officers. Actual City contributions were $993,233, and on-behalf payments of excise tax proceeds from the state were $315,397. The City recognized revenues and expenditures in the amount of $307,507 and $315,397, respectively, 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, 2005 actuarial valuation using the aggregate actuarial cost method. This method does not identify or separately amortize unfunded accrued actuarial liabilities. The actuarial value of assets is determined using a five year smoothing technique. The actuarial assumptions included (a) 7.5 percent investment rate of return (net of administrative expenses and includes inflation), (b) projected salary increases due to inflation and seniority/merit raises of 5.0 percent per year, compounded annually, and (c) no post retirement benefit increases.

Net Pension Obligation – NPO:

NPO at September 30, 2006	$ (968,877)
Annual pension cost:	
Annual Required Contribution (ARC)	1,029,630
Interest credit	(72,666)
Adjustments to ARC	104,773
Total annual pension cost	1,061,737
Contributions made	(1,276,261)
Change in NPO	(214,524)
NPO at September 30, 2007	$(1,183,401)

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)
9/30/05	$772,758	121%	$(714,339)
9/30/06	888,405	129%	(968,877)
9/30/07	1,061,737	120%	(1,183,401)

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, 2007, 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, 2007 were $32,544.

	General Employees		
Normal Retirement Benefits:	Defined Benefit[1]	Defined Contribution[2]	Firefighters and Police Officers[3]
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

[1]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.
[2]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.
[3]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, 2007 are as follows:

Statement of Net Assets	**General Pension Trust Fund**	**Fire and Police Pension Trust Fund**	**Total Pension Trust Funds**
ASSETS			
Cash and cash equivalents	$ 748,200	$ 1,166,789	$ 1,914,989
Receivables	383,564	397,523	781,087
Due from other governmental units	-	232,500	232,500
Investments	14,719,254	16,374,536	31,093,790
Total assets	15,851,018	18,171,348	34,022,366
LIABILITIES			
Accounts payable	14,061	7,890	21,951
Deferred revenue	-	232,500	232,500
Total liabilities	14,061	240,390	254,451
NET ASSETS			
Held in trust for pension benefits	$15,836,957	$17,930,958	$33,767,915

Statement of Changes in Net Assets	General Pension Trust Fund	Fire and Police Pension Trust Fund	Total Pension Trust Funds
ADDITIONS			
Contributions:			
Employer	$ 1,111,595	$ 993,233	$ 2,104,828
Plan members	-	50,345	50,345
Excise tax proceeds	-	315,397	315,397
Total contributions	1,111,595	1,358,975	2,470,570
Investment earnings:			
Interest	251,269	332,659	583,928
Dividends	218,944	258,831	477,775
Net increase in the fair value of investments	952,910	1,052,802	2,005,712
Gain on sale of investments	592,683	462,780	1,055,463
Total investment earnings	2,015,806	2,107,072	4,122,878
Less investment expense	90,884	92,272	183,156
Net investment earnings	1,924,922	2,014,800	3,939,722
Total additions	3,036,517	3,373,775	6,410,292
DEDUCTIONS			
Benefits	501,727	712,329	1,214,056
Refunds	-	7,724	7,724
Administrative	31,162	32,902	64,064
Total deductions	532,889	752,955	1,285,844
Change in net assets	2,503,628	2,620,820	5,124,448
Net assets—beginning	13,333,329	15,310,138	28,643,467
Net assets—ending	$15,836,957	$17,930,958	$33,767,915

CITY OF WINTER GARDEN, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
for the year ended September 30, 2007

Pension Plan for General Employees
Schedule of Employer Contributions

Year Ended September 30	Annual Required Contribution	Percentage Contributed
2002	$160,305	139%
2003	329,019	114
2004	688,394	105
2005	709,594	113
2006	875,144	119
2007	1,014,294	110

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
2002	$ 303,899	122%
2003	486,210	115
2004	618,042	132
2005	744,336	130
2006	851,532	134
2007	1,029,630	124

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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.

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

Law Enforcement Grants Fund—This fund is used to account for law enforcement grants.

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.

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.

City of Winter Garden, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2007

			Special Revenue
	Law Enforcement Trust Fund	**Law Enforcement Grants Fund**	**Local Option Gas Tax Fund**
ASSETS			
Cash and cash equivalents	$ 108,000	$ 17,614	$ 286,652
Due from other governmental units	-	-	74,469
Prepaid items	-	16	-
Total assets	$ 108,000	$ 17,630	$ 361,121
LIABILITIES			
Accounts payable	$ 4,500	$ -	$ 151,639
Contracts payable	-	-	30,429
Deferred revenue	-	-	-
Total liabilities	4,500	-	182,068
FUND BALANCES			
Reserved for:			
Encumbrances	-	-	409,334
Prepaid items	-	16	-
Unreserved, undesignated	103,500	17,614	(230,281)
Total fund balances	103,500	17,630	179,053
Total liabilities and fund balances	$ 108,000	$ 17,630	$ 361,121

Police and Fire Premium Tax Trust Fund	Total	Debt Service Fund	Total Nonmajor Governmental Funds
$ -	$ 412,266	$ 8,079	$ 420,345
232,500	306,969	-	306,969
-	16	-	16
$ 232,500	$ 719,251	$ 8,079	$ 727,330
$ -	$ 156,139	$ -	$ 156,139
-	30,429	-	30,429
232,500	232,500	-	232,500
232,500	419,068	-	419,068
-	409,334	-	409,334
-	16	-	16
-	(109,167)	8,079	(101,088)
-	300,183	8,079	308,262
$ 232,500	$ 719,251	$ 8,079	$ 727,330

City of Winter Garden, Florida
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2007

	Special Revenue		
	Law Enforcement Trust Fund	**Law Enforcement Grants Fund**	**Local Option Gas Tax Fund**
REVENUES			
Intergovernmental	$ -	$ 30,452	$ 908,112
Fines and forfeits	50,621	-	-
Investment earnings	6,511	247	28,564
Total revenues	57,132	30,699	936,676
EXPENDITURES			
Current:			
Public safety	52,136	11,911	-
Transportation	-	-	1,269,226
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	52,136	11,911	1,269,226
Excess (deficiency) of revenues over (under) expenditures	4,996	18,788	(332,550)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	10,209	-
Total other financing sources and (uses)	-	10,209	-
Net change in fund balances	4,996	28,997	(332,550)
Fund balances (deficit)—beginning	98,504	(11,367)	511,603
Fund balances—ending	$ 103,500	$ 17,630	$ 179,053

Police and Fire Premium Tax Trust Fund	Total	Debt Service Fund	Total Nonmajor Governmental Funds
$ 307,506	$ 1,246,070	$ -	$ 1,246,070
-	50,621	-	50,621
-	35,322	8,079	43,401
307,506	1,332,013	8,079	1,340,092
315,397	379,444	-	379,444
-	1,269,226	-	1,269,226
-	-	565,703	565,703
-	-	698,501	698,501
315,397	1,648,670	1,264,204	2,912,874
(7,891)	(316,657)	(1,256,125)	(1,572,782)
-	10,209	1,264,204	1,274,413
-	10,209	1,264,204	1,274,413
(7,891)	(306,448)	8,079	(298,369)
7,891	606,631	-	606,631
$ -	$ 300,183	$ 8,079	$ 308,262

City of Winter Garden, Florida
New City Hall Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
From inception and for the Year Ended September 30, 2007

	Prior Years	Current Year	Total to Date	Project Authorization
REVENUES				
Investment earnings	$ 58,227	$ 637,666	$ 695,893	$ 494,519
Total revenues	58,227	637,666	695,893	494,519
EXPENDITURES				
Capital outlay:				
General government	1,351,940	6,051,392	7,403,332	14,599,102
Total expenditures	1,351,940	6,051,392	7,403,332	14,599,102
(Deficiency) of revenues (under) expenditures	(1,293,713)	(5,413,726)	(6,707,439)	(14,104,583)
OTHER FINANCING SOURCES (USES)				
Transfers in	2,304,234	-	2,304,234	2,304,234
Issuance of debt	12,025,000	-	12,025,000	12,025,000
Discount on debt issuance	(76,319)	-	(76,319)	(76,319)
Total other financing sources (uses)	14,252,915	-	14,252,915	14,252,915
Net change in fund balances	$ 12,959,202	(5,413,726)	$ 7,545,476	$ 148,332
Fund balances—beginning		12,959,202		
Fund balances—ending		$ 7,545,476		

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, 2007

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Fines and forfeits	$ 16,293	$ 50,621	$ 34,328
Investment earnings	4,791	6,511	1,720
Total revenues	21,084	57,132	36,048
EXPENDITURES			
Current:			
Public safety:			
Law enforcement	59,198	52,136	7,062
Excess (deficiency) of revenues over (under) expenditures	(38,114)	4,996	43,110
Fund balances—beginning	98,504	98,504	-
Fund balances—ending	$ 60,390	$ 103,500	$ 43,110

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, 2007

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Intergovernmental	$ 15,449	$ 30,452	$ 15,003
Investment earnings	-	247	247
Total revenues	15,449	30,699	15,250
EXPENDITURES			
Current:			
Public safety:			
Law enforcement	22,994	11,911	11,083
Excess (Deficiency) of revenues over (under) expenditures	(7,545)	18,788	26,333
OTHER FINANCING SOURCES			
Transfers in	10,209	10,209	-
Net change in fund balances	2,664	28,997	26,333
Fund (deficits)—beginning	(11,367)	(11,367)	-
Fund balances (deficits)—ending	$ (8,703)	$ 17,630	$ 26,333

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, 2007

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Intergovernmental	$ 886,281	$ 908,112	$ 21,831
Investment earnings	33,408	28,564	(4,844)
Total revenues	919,689	936,676	16,987
EXPENDITURES			
Current:			
Transportation:			
Construction and maintenance	2,561,183	1,269,226	1,291,957
(Deficiency) of revenues (under) expenditures	(1,641,494)	(332,550)	1,308,944
Net change in fund balances	(1,641,494)	(332,550)	1,308,944
Fund balances—beginning	511,603	511,603	-
Fund balances (deficits)—ending	$ (1,129,891)	$ 179,053	$ 1,308,944

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, 2007

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Intergovernmental	$ 310,000	$ 307,506	$ (2,494)
Total revenues	310,000	307,506	(2,494)
EXPENDITURES			
Current:			
Public safety:			
Law enforcement	200,000	191,044	8,956
Fire control	110,000	124,353	(14,353)
Total public safety	310,000	315,397	(5,397)
Excess of revenues over expenditures	-	(7,891)	(7,891)
Net change in fund balances	-	(7,891)	(7,891)
Fund balances—beginning	-	7,891	7,891
Fund balances—ending	$ -	$ -	$ -

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, 2007

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Investment earnings	$ 4,948	$ 8,079	$ 3,131
Total revenues	4,948	8,079	3,131
EXPENDITURES			
Debt service:			
Principal	567,524	565,703	1,821
Interest	737,700	698,501	39,199
Total expenditures	1,305,224	1,264,204	41,020
(Deficiency) of revenues (under) expenditures	(1,300,276)	(1,256,125)	(37,889)
OTHER FINANCING SOURCES			
Transfers in	1,300,276	1,264,204	(36,072)
Net change in fund balances	-	8,079	(73,961)
Fund balances—beginning	-	-	-
Fund balances—ending	$ -	$ 8,079	$ 8,079

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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, 2007

	Stormwater Utility	Trailer City	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	$ 236,968	$ 98,623	$ 335,591
Accounts receivable (net of allowance for uncollectibles)	101,718	562	102,280
Inventories	4,068	-	4,068
Total current assets	342,754	99,185	441,939
Noncurrent assets:			
Capital assets:			
Land	-	63,300	63,300
Buildings	-	47,837	47,837
Improvements other than buildings	1,793,834	116,178	1,910,012
Machinery and equipment	462,663	34,136	496,799
Infrastructure	2,077,791	34,555	2,112,346
Construction work in progress	490,441	-	490,441
Less accumulated depreciation	(1,148,223)	(104,956)	(1,253,179)
Total capital assets (net of accumulated depreciation)	3,676,506	191,050	3,867,556
Total assets	4,019,260	290,235	4,309,495
LIABILITIES			
Current liabilities:			
Accounts payable	62,189	957	63,146
Notes and loans payable	6,222	-	6,222
Contracts payable	21,910	-	21,910
Compensated absences	1,666	454	2,120
Accrued interest payable	1,392	-	1,392
Accrued wages payable	4,508	1,488	5,996
Deferred revenue	-	5,807	5,807
Total current liabilities	97,887	8,706	106,593
Noncurrent liabilities:			
Notes and loans payable	18,114	-	18,114
Compensated absences	3,405	132	3,537
Advances from other funds	594,021	-	594,021
Total noncurrent liabilities	615,540	132	615,672
Total liabilities	713,427	8,838	722,265
NET ASSETS			
Invested in capital assets, net of related debt	3,652,170	191,050	3,843,220
Unrestricted	(346,337)	90,347	(255,990)
Total net assets	$ 3,305,833	$ 281,397	$ 3,587,230

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, 2007

	Stormwater Utility	Trailer City	Totals
Operating revenues:			
Charges for services	$ 1,025,423	$ -	$ 1,025,423
Other	-	212,291	212,291
Total operating revenues	1,025,423	212,291	1,237,714
Operating expenses:			
Personal services	300,228	115,660	415,888
Contractual services	22,302	20,891	43,193
Utilities	2,469	7,668	10,137
Supplies	18,081	4,654	22,735
Depreciation	217,264	13,912	231,176
Other services and charges	224,633	75,011	299,644
Total operating expenses	784,977	237,796	1,022,773
Operating income (loss)	240,446	(25,505)	214,941
Nonoperating revenues (expenses):			
Investment earnings	21,767	5,473	27,240
Loss on sale of capital assets	-	(5,206)	(5,206)
Contributions	500,000	-	500,000
Interest expense	(596)	-	(596)
Other grants and aids	-	(100)	(100)
Total nonoperating revenues (expenses)	521,171	167	521,338
Change in net assets	761,617	(25,338)	736,279
Total net assets—beginning	2,544,216	306,735	2,850,951
Total net assets—ending	$ 3,305,833	$ 281,397	$ 3,587,230

City of Winter Garden, Florida
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended September 30, 2007

	Stormwater Utility	Trailer City	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 1,008,978	$ 212,576	$ 1,221,554
Payments to suppliers	(413,606)	(108,206)	(521,812)
Payments to employees	(298,303)	(118,296)	(416,599)
Net cash provided (used) by operating activities	297,069	(13,926)	283,143
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES			
Other grants and aids	-	(100)	(100)
Net cash (used) by noncapital and related financing activities	-	(100)	(100)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Contributions	500,000	-	500,000
Purchases of capital assets	(896,694)	(1,800)	(898,494)
Proceeds from sales of capital assets	13,342	-	13,342
Net cash (used) by capital and related financing activities	(383,352)	(1,800)	(385,152)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	21,767	5,473	27,240
Net cash provided by investing activities	21,767	5,473	27,240
Net decrease in cash and cash equivalents	(64,516)	(10,353)	(74,869)
Cash and cash equivalents, October 1	301,484	108,976	410,460
Cash and cash equivalents, September 30	$ 236,968	$ 98,623	$ 335,591
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ 240,446	$ (25,505)	$ 214,941
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	217,264	13,912	231,176
Increase in accounts receivable	(21,709)	(370)	(22,079)
Increase in allowance for uncollectible accounts	5,264	117	5,381
Increase in inventories--materials and supplies	(4,068)	-	(4,068)
Increase (decrease) in accounts payable	(142,053)	18	(142,035)
Increase in accrued wages payable	1,275	384	1,659
Increase in deferred revenue	-	538	538
Increase (decrease) in compensated absences payable	650	(3,020)	(2,370)
Total adjustments	56,623	11,579	68,202
Net cash provided (used) by operating activities	$ 297,069	$ (13,926)	$ 283,143

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents **Page**

Financial Trends 94

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity 105

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity 110

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information 117

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information 119

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Winter Garden, Florida
Net Assets by Component
Last Five Fiscal Years
(accrual basis of accounting)

	2007	2006	2005
Governmental activities			
Invested in capital assets, net of related debt	$ 48,751,070	$ 34,495,162	$ 23,447,882
Restricted	28,296,384	22,822,073	8,036,244
Unrestricted	15,713,022	12,189,529	14,214,099
Total governmental activities net assets	$ 92,760,476	$ 69,506,764	$ 45,698,225
Business-type activities			
Invested in capital assets, net of related debt	$ 35,774,224	$ 29,848,390	$ 26,238,677
Restricted	12,665,164	13,230,076	11,186,375
Unrestricted	20,850,291	20,011,017	22,608,146
Total business-type activities net assets	$ 69,289,679	$ 63,089,483	$ 60,033,198
Primary government			
Invested in capital assets, net of related debt	$ 84,525,294	$ 64,343,552	$ 49,686,559
Restricted	40,961,548	36,052,149	19,222,619
Unrestricted	36,563,313	32,200,546	36,822,245
Total primary government net assets	$162,050,155	$132,596,247	$105,731,423

Fiscal Year						
2004	2003	2002	2001	2000	1999	1998
$ 20,098,672	$ 16,025,215					
8,875,461	7,675,631					
9,638,873	7,446,446					
$ 38,613,006	$ 31,147,292					
$ 24,490,427	$ 26,182,160	Data is not available for years 1998 to 2002				
6,726,971	8,866,950					
20,333,080	10,266,710					
$ 51,550,478	$ 45,315,820					
$ 44,589,099	$ 42,207,375					
15,602,432	16,542,581					
29,971,953	17,713,156					
$ 90,163,484	$ 76,463,112					

City of Winter Garden, Florida
Change in Net Assets
Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Expenses										
Governmental activities:										
General government	$ 2,701,941	$ 2,565,945	$ 2,095,732	$ 1,713,712	$ 1,723,324					
Public safety	11,898,442	9,998,835	8,786,447	7,152,781	5,779,190					
Physical environment	843,671	850,605	535,512	542,696	458,625					
Transportation	2,505,649	2,302,093	2,258,355	2,038,644	1,724,625					
Economic environment	641,944	214,813	158,183	149,425	84,710					
Public assistance	101,330	88,909	88,871	391,384	653,862					
Culture and recreation	2,328,830	2,082,868	1,766,330	1,873,007	1,937,778					
Interest and long-term debt	838,981	424,215	494,844	644,748	594,557					
Total government activities expenses	21,860,788	18,528,283	16,184,274	14,506,397	12,956,671					
Business-type activities:										
Water and Sewer	8,765,465	9,404,856	6,975,769	5,852,648	4,934,858					
Sanitation	3,455,158	3,140,333	2,673,105	2,449,158	2,122,438					
Stormwater	785,573	641,121	497,173	350,936	379,743					
Residential mobile home lot rentals	237,896	214,403	275,438	184,199	199,123					
Total business-type activities expenses	13,244,092	13,400,713	10,421,485	8,836,941	7,636,162					
Total primary government expenses	$35,104,880	$31,928,996	$26,605,759	$23,343,338	$20,592,833					
Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ -	$ 522,068	$ 608,267	$ 674,970	$ 264,050					
Public safety	3,453,966	3,015,971	2,168,160	2,616,511	1,717,290					
Transportation	770,351	701,585	744,528	346,157	-					
Other activities	514,874	411,549	345,812	298,133	309,161					
Operating grants and contributions	1,935,703	1,549,023	1,456,767	1,716,165	640,597					
Capital grants and contributions	18,410,818	19,154,514	5,374,448	5,337,203	3,967,578					
Total government activities program revenues	25,085,712	25,354,710	10,697,982	10,989,139	6,898,676					
Business-type activities:										
Charges for services:										
Water and Sewer	9,320,260	8,220,991	7,898,591	6,732,207	5,617,145					
Sanitation	3,254,113	2,925,319	2,550,085	2,317,124	2,200,544					
Stormwater	1,025,423	855,282	706,782	558,857	497,345					
Residential mobile home lot rentals	212,291	186,377	253,075	235,938	248,423					
Operating grants and contributions	-	23,259	(12,912)	197,359	-					
Capital grants and contributions	5,052,885	5,144,437	7,338,743	4,958,553	5,354,065					
Total business-type activities program revenues	18,864,972	17,355,665	18,734,364	15,000,038	13,917,522					
Total primary government program revenues	$43,950,684	$42,710,375	$29,432,346	$25,989,177	$20,816,198					
Net (expense)/revenue										
Governmental activities	$ 3,224,924	$ 6,826,427	$ (5,486,292)	$ (3,517,258)	$ (6,057,995)					
Business-type activities:	5,620,880	3,954,952	8,312,879	6,163,097	6,281,360					
Total primary government net expense	$ 8,845,804	$10,781,379	$ 2,826,587	$ 2,645,839	$ 223,365					

Data is not available for years 1998 to 2002

	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Ad Valorem	$ 8,297,193	$ 5,777,996	$ 4,507,982	$ 3,770,795	$ 3,098,149					
Franchise taxes	1,773,927	1,563,590	1,191,851	1,008,447	903,925					
Utility taxes	2,432,494	2,138,583	1,798,561	1,571,435	1,480,323					
Communication services	1,323,649	1,214,940	1,055,864	925,309	855,324					
Licenses and permits	-	-	-	-	514,603					
Intergovernmental	4,432,087	4,185,961	3,801,533	3,105,896	3,562,921					
Investment earnings	1,668,231	706,182	266,479	166,875	269,759					
Gain (loss) on sale of capital assets	-	-	13,099	239,065	(41,930)					
Miscellaneous	101,207	90,626	82,622	133,169	79,426					
Transfers	-	1,304,234	(146,480)	61,981	64,310					
Total governmental activities	20,028,788	16,982,112	12,571,511	10,982,972	10,786,810					
Business-type activities:										
Investment earnings	564,484	385,411	142,967	122,842	159,094					
Gain (loss) on sale of capital assets	14,832	20,156	(119,606)	10,700	40,000					
Transfers	-	(1,304,234)	146,480	(61,981)	(64,310)					
Total business-type activities	579,316	(898,667)	169,841	71,561	134,784					
Total primary government	$20,608,104	$16,083,445	$12,741,352	$11,054,533	$10,921,594					
Changes in Net Assets										
Governmental activities	$23,253,712	$23,808,539	$ 7,085,219	$ 7,465,714	$ 4,728,815					
Business-type activities	6,200,196	3,056,285	8,482,720	6,234,658	6,416,144					
Total primary government	$29,453,908	$26,864,824	$15,567,939	$13,700,372	$11,144,959					

City of Winter Garden, Florida
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Ad Valorem	Franchise Fees	Utility Services	Communications Services	Total
2007	$ 8,297,193	$ 1,773,927	$ 2,432,494	$ 1,323,649	$ 13,827,263
2006	5,777,996	1,563,590	2,138,583	1,214,940	10,695,109
2005	4,507,982	1,191,851	1,798,561	1,055,864	8,554,258
2004	3,770,795	1,008,447	1,571,435	925,309	7,275,986
2003	3,098,149	903,925	1,480,323	855,324	6,337,721
2002	2,456,306	864,047	1,297,581[1]	756,005[1]	5,373,939
2001	1,961,339	889,590	1,414,148	-	4,265,077
2000	1,737,378	712,040	1,196,001	-	3,645,419
1999	1,576,897	654,488	1,100,470	-	3,331,855
1998	1,451,540	618,227	1,051,765	-	3,121,532

[1]Utility Service Taxes on telecommunications were eliminated and the Communication Services Tax was created by State Statute

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City of Winter Garden, Florida
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2007	2006	2005	2004
General fund				
Reserved	$ 3,613,214	$ 2,137,040	$ 2,108,976	$ 2,149,535
Unreserved	9,628,932	9,621,567	9,086,094	7,492,876
Total general fund	$ 13,242,146	$ 11,758,607	$ 11,195,070	$ 9,642,411
All other governmental funds				
Reserved	$ 7,037,951	$ 6,685,770	$ 453,776	$ 60,572
Unreserved, reported in:				
Special revenue funds	27,225,893	15,731,030	9,995,418	7,930,656
Debt service fund	8,079	-	-	-
Capital projects funds	1,205,154	12,959,202	-	285,039
Total all other governmental funds	$ 35,477,077	$ 35,376,002	$ 10,449,194	$ 8,276,267

Fiscal Year					
2003	**2002**	**2001**	**2000**	**1999**	**1998**
$ 2,361,289	$ 1,739,842	$ 1,775,166	$ 453,496	$ 471,605	$ 524,200
5,244,645	6,180,327	5,228,703	4,968,084	3,245,440	2,710,206
$ 7,605,934	$ 7,920,169	$ 7,003,869	$ 5,421,580	$ 3,717,045	$ 3,234,406
$ 174,404	$ 7,879,740	$ 7,877,255	$ 4,336,123	$ 2,054,959	$ 2,713,905
6,642,164	(893,765)	-	-	-	-
-	-	-	-	-	-
291,499	-	-	-	-	-
$ 7,108,067	$ 6,985,975	$ 7,877,255	$ 4,336,123	$ 2,054,959	$ 2,713,905

City of Winter Garden, Florida
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2007	2006	2005	2004
Revenues				
Taxes	$ 13,827,263	$ 10,695,109	$ 8,554,258	$ 7,275,986
Licenses and permits	3,354,710	3,305,453	2,827,208	2,770,604
Intergovermental	6,200,862	5,866,003	5,819,142	5,291,960
Charges for services	2,758,255	2,955,962	1,801,451	1,635,726
Fines and forfeits	374,414	391,774	248,986	246,132
Investment earnings	2,598,817	1,365,403	409,339	262,405
Rents and royalties	164,239	152,813	144,304	128,048
Impact fees	13,871,394	8,374,862	4,738,914	4,294,620
Contributions and donations	2,684,350	9,961,672	38,895	72,427
Miscellaneous	322,457	90,781	82,622	133,169
Total revenues	46,156,761	43,159,832	24,665,119	22,111,077
Expenditures				
General government	4,769,353	4,481,830	2,905,301	2,336,743
Public safety	13,402,701	10,575,014	9,301,897	7,024,451
Physical environment	1,313,892	1,258,938	820,150	780,387
Transportation	13,985,729	7,553,859	3,881,560	3,563,224
Economic environment	451,178	805,516	(32,137)	131,623
Public assistance	101,330	88,909	88,871	391,384
Culture and recreation	3,827,013	2,310,870	1,839,973	1,861,015
Debt Service				
Principal	588,534	2,012,062	1,623,416	2,119,883
Interest	740,535	548,850	375,445	1,321,064
Other charges	-	-	-	-
Total expenditures	39,180,265	29,635,848	20,804,476	19,529,774
Excess of revenues over (under) expenditures	6,976,496	13,523,984	3,860,643	2,581,303
Other financing sources (uses)				
Transfers in	1,640,803	747,574	1,396,357	1,433,414
Transfers out	(1,640,803)	(1,747,574)	(1,259,474)	(1,250,640)
Sale of capital assets	21,844	7,160	13,099	247,544
Issuance of debt	-	-	-	118,531
Total other financing sources (uses)	21,844	(992,840)	149,982	548,849
Net change in fund balances	$ 6,998,340	$ 12,531,144	$ 4,010,625	$ 3,130,152
Debt service as a percentage of noncapital expenditures	3.4%	8.6%	9.6%	17.6%

Note: Includes general, special revenue, and debt service funds

Fiscal Year 2003	2002	2001	2000	1999	1998
$ 6,337,721	$ 5,373,939	$ 4,265,077	$ 3,645,419	$ 3,331,855	$ 3,121,532
1,888,809	1,728,142	1,253,702	1,271,089	681,940	600,458
4,752,209	3,374,757	3,421,630	3,232,655	2,849,026	2,776,337
1,275,651	81,232	82,973	436,323	121,373	95,174
236,761	213,470	368,315	329,968	228,951	171,365
410,488	688,298	708,842	504,011	243,342	440,378
133,972	135,228	120,813	102,216	94,184	63,843
3,051,048	2,249,181	1,514,295	2,012,190	668,350	531,754
88,680	-	-	-	-	-
79,426	1,059,504	886,237	678,804	535,747	587,486
18,254,765	14,903,751	12,621,884	12,212,675	8,754,768	8,388,327
3,325,686	2,286,599	1,480,434	1,259,904	1,109,730	927,804
6,180,979	5,486,185	4,626,435	4,337,820	3,486,117	3,728,107
626,594	489,171	411,689	457,576	369,346	364,314
4,791,484	3,202,055	6,535,475	1,754,786	2,589,391	1,493,296
93,696	180,904	1,134,956	74,333	85,412	4,468
653,862	14,112	14,140	14,196	14,896	17,192
2,048,901	1,411,558	1,064,600	1,041,353	1,048,323	1,392,813
288,843	391,168	374,388	317,769	314,371	80,000
241,155	252,915	69,030	78,658	74,345	64,810
-	-	-	-	26,522	-
18,251,200	13,714,667	15,711,147	9,336,395	9,118,453	8,072,804
3,565	1,189,084	(3,089,263)	2,876,280	(363,685)	315,523
1,057,204	1,136,368	1,080,877	727,719	1,129,678	592,058
(2,192,894)	(1,060,670)	(800,087)	(831,754)	(1,063,104)	(466,722)
1,106,080	-	9,176	905,000	51,000	-
1,230,083	997,039	8,299,327	19,327	66,814	288,533
1,200,473	1,072,737	8,589,293	820,292	184,388	413,869
$ 1,204,038	$ 2,261,821	$ 5,500,030	$ 3,696,572	$ (179,297)	$ 729,392
2.9%	4.7%	2.8%	4.2%	4.6%	1.8%

City of Winter Garden, Florida
General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Ad Valorem	Franchise Fees	Utility Services	Communications Services	Total
2007	$ 8,297,193	$ 1,773,927	$ 2,432,494	$ 1,323,649	$ 13,827,263
2006	5,777,996	1,563,590	2,138,583	1,214,940	10,695,109
2005	4,507,982	1,191,851	1,798,561	1,055,864	8,554,258
2004	3,770,795	1,008,447	1,571,435	925,309	7,275,986
2003	3,098,149	903,925	1,480,323	855,324	6,337,721
2002	2,456,306	864,047	1,297,581[1]	756,005[1]	5,373,939
2001	1,961,339	889,590	1,414,148	-	4,265,077
2000	1,737,378	712,040	1,196,001	-	3,645,419
1999	1,576,897	654,488	1,100,470	-	3,331,855
1998	1,451,540	618,227	1,051,765	-	3,121,532

[1]Utility Service Taxes on telecommunications were eliminated and the Communication Services Tax was created by State Statute

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

Fiscal Year Ended September 30	Real Property	Personal Property	Less Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2007	$2,507,435,607	$153,446,526	$ 662,295,114	$ 1,998,587,019	4.3040	$ 2,660,882,133	75.11%
2006	1,658,489,839	121,482,460	388,305,142	1,391,667,157	4.3040	1,779,972,299	78.18%
2005	1,264,462,015	126,634,722	306,664,368	1,084,432,369	4.3040	1,391,096,737	77.96%
2004	1,036,271,956	133,126,163	261,279,230	908,118,889	4.3040	1,169,398,119	77.66%
2003	872,639,284	104,061,370	229,050,652	747,650,002	4.3040	976,700,654	76.55%
2002	687,911,009	87,361,064	182,532,322	592,739,751	4.3040	775,272,073	76.46%
2001	548,155,187	74,421,403	150,280,206	472,296,384	4.3040	622,576,590	75.86%
2000	475,712,432	74,501,339	140,839,800	409,373,971	4.3040	550,213,771	74.40%
1999	430,402,505	77,966,461	136,518,746	371,850,220	4.3040	508,368,966	73.15%
1998	394,272,960	81,088,819	129,236,799	346,124,980	4.3040	475,361,779	72.81%

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)

		Overlapping Rates					
Fiscal Year	**City of Winter Garden Millage**	**County Millage**	**School District Millage**	**Library Millage**	**St. Johns River Water Mgmt. District Millage**	**Health Central (WOHD) Millage**	**Total Direct & Overlapping Rates**
2007	4.3040	5.1639	7.1690	0.4325	0.4620	-	17.5314
2006	4.3040	5.1639	7.7610	0.4325	0.4620	-	18.1234
2005	4.3040	5.1639	7.5400	0.4352	0.4620	-	17.9051
2004	4.3040	5.1639	7.8880	0.4365	0.4620	-	18.2544
2003	4.3040	5.1639	7.8780	0.4371	0.4620	-	18.2450
2002	4.3040	5.1639	8.4320	0.4383	0.4620	-	18.8002
2001	4.3040	5.1639	8.5770	0.4412	0.4720	-	18.9581
2000	4.3040	5.2264	8.6120	0.4412	0.4820	0.3221	19.3877
1999	4.3040	5.2889	9.0420	0.4412	0.4820	0.3300	19.8881
1998	4.3040	5.2889	9.0770	0.4412	0.4820	0.3500	19.9431

Source: Orange County Property Appraiser's Office

City of Winter Garden, Florida
Principal Property Taxpayers
September 30, 2007

	2007			1998		
Taxpayer	**Assessed Valuation**	**Rank**	**Percentage of Total Assessed Valuation**	**Assessed Valuation**	**Rank**	**Percentage of Total Assessed Valuation**
Sembler Winter Gdn LTD	$ 35,565,180	1	1.39%	**Data is not available for 1998**		
Manheim Remarketing L P	12,609,263	2	0.49%			
West Pointe Villas LTD	10,557,505	3	0.41%			
Castle & Cooke Florida LTD	10,511,153	4	0.41%			
BRH Berkshire West LLC	10,180,497	5	0.40%			
West Point Commons LLC	9,955,632	6	0.39%			
Centerline Homes LLC	9,832,800	7	0.39%			
Gar Shing Realty Corp	9,476,925	8	0.37%			
Hyde Park Communities	9,374,170	9	0.37%			
A R K Development LLC	9,276,900	10	0.36%			
Totals	$127,340,025		4.99%			

Source: Orange County Property Appraiser's Office

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

Fiscal Year Ended September 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	$ 8,608,324	$ 8,269,756	96.1%	$ -	$ 8,269,756	96.1%
2006	5,993,040	5,760,164	96.1%	-	5,760,164	96.1%
2005	4,669,183	4,486,743	96.1%	-	4,486,743	96.1%
2004	3,911,478	3,760,894	96.2%	1,841	3,762,735	96.2%
2003	3,221,921	3,084,610	95.7%	22,151	3,106,761	96.4%
2002	2,553,121	2,445,791	95.8%	11,665	2,457,456	96.3%
2001	2,033,887	1,955,874	96.2%	1,196	1,957,070	96.2%
2000	1,763,357	1,696,576	96.2%	7,105	1,703,681	96.6%
1999	1,600,443	1,555,194	97.2%	6,996	1,562,190	97.6%
1998	1,489,722	1,416,577	95.1%	21,927	1,438,504	96.6%

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City of Winter Garden, Florida
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities				Business-Type Activities		
Fiscal Year	Revenue Bonds	Revenue Notes	Agreements	Capital Leases	Water/ Sewer Bonds	Mortgages	Loans
2007	$ 11,845,000	$ 2,717,163	$ 2,210,070	$ 28,500	$ -	$ -	$ 12,681,074
2006	12,025,000	3,102,866	2,210,070	51,331	-	-	13,222,822
2005	-	3,378,426	3,922,936	74,966	-	-	13,550,510
2004	173,370	3,551,479	5,177,551	97,344	26,630	-	12,564,778
2003	474,646	3,700,000	6,826,450	-	52,165	-	4,613,604
2002	763,489	3,700,000	5,596,366	-	76,971	-	194,633
2001	1,154,657	3,700,000	4,599,327	-	650,682	-	184,400
2000	1,529,045	-	-	-	819,299	-	-
1999	941,814	-	-	-	976,186	35,917	-
1998	875,000	-	-	480,070	960,000	69,803	-

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
[1]See the schedule of Demographic and Economic Statistics for personal income and population data.

Total Primary Government	Percentage of Personal Income	Per Capita[1]
$ 29,481,807	4.04%	$ 981
30,612,089	4.66%	1,076
20,926,838	3.87%	850
21,591,152	4.63%	971
15,666,865	3.85%	769
10,331,459	2.97%	565
10,289,066	3.47%	639
2,348,344	0.92%	165
1,953,917	0.80%	141
2,384,873	1.03%	177

City of Winter Garden, Florida
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value[1] of Property	Per Capita[2]
2007	$ -	$ -	$ -	-	$ -
2006	-	-	-	-	-
2005	-	-	-	-	-
2004	-	-	-	-	-
2003	-	-	-	-	-
2002	-	-	-	-	-
2001	-	-	-	-	-
2000	-	-	-	-	-
1999	-	-	-	-	-
1998	-	-	-	-	-

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
[1]See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.
[2]Population data can be found in the Schedule of Demographic and Economic Statistics.

City of Winter Garden, Florida
Direct and Overlapping Governmental Activities Debt
As of September 30, 2007

Jurisdiction	Debt Outstanding	Estimated Percentage Applicable[1]	Estimated Share of Overlapping Debt
Debt repaid with property taxes: County	$ -	2.4%	$ -
Subtotal, overlapping debt			-
City of Winter Garden direct debt			-
Total direct and overlapping debt			$ -

Sources: Assessed value data used to estimate applicable percentages provided by the County Property Appraiser. Debt outstanding data provided by the County.

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

[1]The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the City's bounderies and dividing it by the County's total taxable assessed value.

City of Winter Garden, Florida
Legal Debt Margin Information
September 30, 2007

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
Pledged-Revenue Coverage
Water and Sewer Revenue Bonds
Last Ten Fiscal Years

Year	Charges[1]	Less: Operating Expenses[2]	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2007	$ 9,880,373	$ 6,575,741	$ 3,304,632	$ -	$ -	N/A
2006	8,747,495	7,264,721	1,482,774	-	-	N/A
2005	7,928,757	5,568,578	2,360,179	-	-	N/A
2004	6,974,607	4,658,418	2,316,189	-	-	N/A
2003	5,799,376	3,809,422	1,989,954	-	-	N/A
2002	5,784,679	3,227,291	2,557,388	16,000	27,500	58.79
2001	4,968,544	2,823,265	2,145,279	146,000	36,100	11.78
2000	3,866,695	2,376,380	1,490,315	135,000	44,050	8.32
1999	3,302,282	2,251,908	1,050,374	129,000	51,650	5.81
1998	3,215,578	2,110,348	1,105,230	118,000	58,600	6.26

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

[1]Total revenues exclusive of impact fees and investment earnings thereon
[2]Total operating expenses exclusive of depreciation

City of Winter Garden, Florida
Pledged-Revenue Coverage
Sales Tax Revenue Bonds, Series 2006
Last Ten Fiscal Years

Year	Local Government Half-cent Sales Tax Revenues	Debt Service		Coverage
		Principal	Interest	
2007	$ 3,456,635	$ 180,000	$ 545,680	4.76
2006	3,237,896	-	-	N/A
2005	2,912,563	-	-	N/A
2004	2,454,241	-	-	N/A
2003	2,112,477	-	-	N/A
2002	1,858,106	-	-	N/A
2001	1,850,346	-	-	N/A
2000	1,757,140	-	-	N/A
1999	1,636,204	-	-	N/A
1998	1,524,250	-	-	N/A

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

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

Fiscal Year	Population[1] City of Winter Garden	Population[1] Orange County	Personal Income[2] City of Winter Garden Annual Income	Personal Income[2] City of Winter Garden Per Capita	Labor Force (Countywide)[3] Civilian Labor Force	Labor Force (Countywide)[3] Employed	Labor Force (Countywide)[3] Unemployed	Unemployment Rate[4]
2007	30,065	1,105,603	$ 729,043,579	$ 24,249	601,260	578,008	23,252	3.9
2006	28,440	1,079,524	656,799,138	23,094	586,102	568,257	17,845	3.0
2005	24,610	1,043,437	541,284,133	21,994	560,375	540,809	19,566	3.5
2004	22,242	1,013,937	465,905,911	20,947	569,814	544,606	25,208	4.4
2003	20,378	980,195	406,533,784	19,950	538,962	511,926	27,036	5.0
2002	18,301	955,865	347,712,743	19,000	511,641	485,262	26,379	5.2
2001	16,097	930,034	296,929,608	18,446	506,910	484,146	22,764	4.5
2000	14,251	896,344	255,221,159	17,909	519,131	505,459	13,672	2.6
1999	13,863	846,328	243,307,018	17,551	494,103	480,662	13,441	2.7
1998	13,485	824,095	231,939,352	17,200	476,040	461,273	14,767	3.1

[1]Source: University of Florida, Bureau of Economics and Business Research
[2]Source: Metro Orlando Ecomonic Development Commission (2000),
Note: Per capita income information is not available for the years 1998-1999, 2001-2007; amounts shown are estimated.
[3]Source: Florida Department of Labor and Employment Security (1998-2002)
Florida Agency for Workforce Innovation (2003-2007)
[4]Countywide

City of Winter Garden, Florida
Principal Employers
Current Year and Nine Years Ago

		2007			1998		
Employer	**Location**	**Employees[1]**	**Rank**	**Percentage of Total City Employment[2]**	**Employees**	**Rank**	**Percentage of Total City Employment**
Orange County Public Schools	Various	790	1	9.32%	Data is not available for 1998		
C & W Trucking Inc	Hennis Road	315	2	3.71%			
DeWitt Excavating Inc	W Colonial Drive	275	4	3.24%			
Health Central Park	N Dillard Street	264	5	3.11%			
City of Winter Garden	Plant Street	261	3	3.08%			
Ranger Construction	Elboc Way	258	6	3.04%			
Publix Super Markets	SR 50/SBW	254	7	3.00%			
Heller Bros Packing Co	9th Street	220	8	2.59%			
Encore Construction	Crown Park Circle	211	9	2.49%			
Orange Co Nat'l Golf Center	Phil Ritson Way	152	10	1.79%			
Total		3,000		35.38%			

[1]Source: Florida Research and Economic Database and surveys of employers listed.
[2]Source: Total City Employment estimated using 2000 Census and projected growth rate for the Orlando Metropolitan Statistical Area.

City of Winter Garden, Florida
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

	Full-time Equivalent Employees as of September 30									
	2007	**2006**	**2005**	**2004**	**2003**	**2002**	**2001**	**2000**	**1999**	**1998**
Function										
General government	31	33	28	23	23	19	13	12	11	10
Public Safety										
Police										
Officers	58	58	56	47	43	39	36	35	34	34
Civilians	17	20	18	13	15	14	13	12	11	10
Fire										
Firefighters and officers	35	38	38	34	31	25	21	21	18	17
Civilians	2	1	1	-	-	-	-	-	-	-
Building	17	19	14	10	11	9	9	7	5	5
Public Works	31	36	34	34	21	20	19	17	16	16
Sanitation	18	15	16	16	16	15	16	16	15	12
Culture and recreation	7	9	8	6	15	13	12	14	13	13
Engineering	6	8	7	5	3	1	1	2	2	2
Utilities Administration	5	5	6	5	6	5	8	6	6	6
Water	14	14	15	15	13	11	10	9	9	9
Sewer	13	17	17	17	17	17	15	15	15	13
Stormwater	5	4	3	2	2	2	2	2	2	2
Trailer park	2	1	1	3	5	4	4	1	1	1
Total	261	278	262	230	221	194	179	169	158	150

City of Winter Garden, Florida
Operating Indicators by Function
Last Ten Fiscal Years

					Fiscal
	2007	**2006**	**2005**	**2004**	**2003**
Function					
Police					
Physical arrests	1,170	1,878	2,093	1,903	1,604
Parking violations	802	80	362	299	518
Traffic violations	12,216	7,448	8,994	6,918	6,402
Fire					
Number of calls answered	3,642	3,427	3,231	2,998	2,556
Inspections	1,442	1,258	1,222	1,111	919
Public Works					
Street resurfacing	21,336	43,357	22,551	34,332	29,412
Potholes repaired	945	890	1,000	1,200	1,005
Sanitation					
Refuse collected (tons/day)	117	51	50	50	50
Recyclables collected	8	4	4	4	3
Culture and recreation					
Field permits issued	254	156	85	92	83
Facility rentals	196	194	182	175	182
Water					
New connections	699	1,095	676	533	593
Water main breaks	8	3	3	5	2
Average daily consumption (thousands of gallons)	6,670,000	5,985,678	4,616,786	4,354,230	4,236,041
Wastewater					
Average daily sewage treatment (thousands of gallons)	2,350,000	1,990,000	2,010,000	1,870,000	1,790,000

Sources: Various City departments.
Note: Indicators are not available for the general government function.

Year				
2002	**2001**	**2000**	**1999**	**1998**
981	3,006	2,190	1,846	1,545
571	249	304	176	2
5,684	5,775	6,425	5,483	3,476
2,500	2,499	2,201	2,100	1,950
766	639	556	484	440
42,549	48,010	39,252	31,100	40,050
1,116	1,239	1,375	1,526	1,694
48	46	45	45	40
2	2	2	2	2
97	101	86	92	76
182	137	128	136	141
630	499	241	36	39
5	3	1	Data Not Available	
3,289,789	2,828,219	2,923,186	2,147,315	2,010,000
1,620,000	1,370,000	1,390,000	1,430,000	1,600,000

City of Winter Garden, Florida
Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal				
	2007	**2006**	**2005**	**2004**	**2003**
Function					
Public Safety					
Police:					
Stations	1	1	1	1	1
Patrol units	38	36	32	29	27
Fire stations	2	2	2	2	2
Sanitation					
Collection trucks	18	15	15	14	14
Public Works					
Streets (miles)	171	137	119	103	90
Streetlights	2,279	2,266	2,017	1,795	1,598
Traffic signals	19	14	13	11	10
Culture Recreation					
Parks acreage	60	55	55	55	55
Parks	9	8	8	8	8
Swimming pools	2	2	2	2	2
Tennis courts	6	6	6	6	6
Community centers	1	1	1	1	1
Water					
Water mains (miles)	186	105	98	90	83
Fire hydrants	1,300	1,300	1,215	1,116	1,029
Maximum daily capacity (thousands of gallons)	10,368,000	10,368,000	10,368,000	10,368,000	10,368,000
Sewer					
Sanitary sewers (miles)	139	135	127	118	110
Maximum daily treatment capacity	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Stormwater					
Storm sewers (miles)	102	63	56	50	44

Sources: Various City departments.
Note: No capital asset indicators are available for the general government function.

Year				
2002	**2001**	**2000**	**1999**	**1998**
1	1	1	1	1
26	26	25	24	23
1	1	1	1	1
13	11	11	9	8
78	69	60	52	45
1,422	1,266	1,127	1,003	893
9	8	8	8	8
55	55	55	55	46
8	8	8	8	6
2	2	2	2	2
6	6	6	6	4
1	1	1	1	1
75	68	60	53	45
930	843	744	657	558
8,064,000	8,064,000	8,064,000	8,064,000	8,064,000
101	93	84	76	67
2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
40	35	31	28	25

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COMPLIANCE AND INTERNAL CONTROL SECTION

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

Report of Independent Certified Public Accountants on Internal Control Over Financial Reporting and on Compliance and Other Matter Based On An Audit of the 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, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents and have issued our report thereon dated March 25, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, grant agreements, 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, the State of Florida Office of the Auditor General and federal and 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.

Sines, Girvin, Blakeslee & Campbell
Certified Public Accountants, P.A.
March 25, 2008

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Independent Certified Public Accountants' 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, 2007, and have issued our report thereon dated March 25, 2008.

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 Independent Auditor Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*, which is dated March 25, 2008, and should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and unless otherwise required to be reported in the report on compliance and internal controls, this letter is required to include the following information..

- Section 10.554(1)(i)1., Rules of the Auditor General, requires 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 question costs, 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.

- Section 10.554(1) (i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, Florida Statutes.

- Section 10.554(1)(i)3., Rules of the Auditor General, 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.

- Section 10.554(1)(h)4., Rules of the Auditor General, requires, based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering quantitative and qualitative forces: (1) violations of laws, rules, regulations, and contractual provisions that have occurred, or are likely to have occurred; and would have an immaterial effect on the financial statements (2) improper expenditures or illegal acts that would have an immaterial effect on financial statements; and (3) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.

- Section 10.554(1)(i)6., Rules of the Auditor General 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 it's blended component unit are disclosed in the notes to the financial statements.

- Section 10.554(1) (i) 7.a., Rules of the Auditor General, requires a statement to be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

- Section 10.554(1) (i) 7.b., Rules of the Auditor General we determined that the annual financial report for the City for the fiscal year ended September 30, 2007, filed with the Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2007. In connection with our audit, we determined that these two audit reports were in agreement.

- Sections 10.554(1)(i) 7.c and 10.556(7)), Rules of the Auditor General., require that we apply financial condition assessment procedures. In connection with our audit, 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 & Campbell

Sines. Girvin, Blakeslee and Campbell, P.A.
Certified Public Accountants, P.A.
March 25, 2008