



CITY OF WINTER GARDEN, FLORIDA



COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2006

CITY OF WINTER GARDEN, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For The Year Ended
September 30, 2006

Prepared by:
Finance Department



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COMPREHENSIVE ANNUAL FINANCIAL REPORT

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INTRODUCTORY SECTION



LETTER OF TRANSMITTAL

—

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

—

ORGANIZATIONAL CHART

—

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 1, 2007

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, 2006 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, 2006, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City’s financial statements for the fiscal year ended September 30, 2006, are fairly presented in all material respects in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City’s MD&A can be found immediately following the report of the independent auditors.

Profile of the City

The City, incorporated in 1903, is located in Central Florida in West Orange County. The City has experienced significant growth since 1999, which is expected to continue. The City currently occupies a land area of approximately seventeen square miles and serves a population of 28,440. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Commission (the “Commission”).

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

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

The Commission is required to adopt a final budget by no later than the close of the fiscal year. This annual budget serves as the foundation for the City’s financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may transfer resources within the same fund with approval of the City Manager. Fund revenue and expenditure amounts may be increased or decreased by formal action of the City Commission following proper public notice. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated budget has been adopted. For the General Fund and major special revenue funds, this comparison is presented on pages 35-37 as part of the basic financial statements for the governmental funds. Also included in this section is a project-length budget to actual comparison for a major capital projects fund on page 38. For nonmajor governmental funds with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 82.

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 3.0 percent in 2006, as compared to 3.5 percent in 2005. With the resurgence of the tourist industry in Central Florida, the regional economy appears strong. The improvement in the local economy has had, and should continue to have, a positive effect on the City.

One of the most significant factors affecting the local community is the rapid growth within the City. The population increased from 24,610 in 2005 to 28,440 in 2006. The City collects impact fees for roads, police, fire, recreation, and water and sewer to ensure growth pays a share of its cost.

The City completed renovations to its downtown business district in fiscal year 2003. These renovations included replacing the existing asphalt road with brick, installation of a water fountain and a clock tower, adding period street lighting, improvements to the sidewalks, increasing the parking in the downtown area, and other miscellaneous improvements. Property values in the area have increased, new restaurants have opened, and the 1930's era "Garden Theatre", dark since 1962, is currently undergoing restoration and is slated to reopen in the near future. 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 current fiscal year, the City added an Economic Development Coordinator position to focus on improving business retention, business expansion, business attraction, and the engouagement 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.

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

Long-term financial planning

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

Relevant financial policies

It is the City's policy that it will keep investment maturities short in a period of an inverted yield curve. Given the recent uncertainty of interest rates, duration of investments was extended only slightly during the fiscal year. Durations at the beginning of the fiscal year were 1.45 years for the governmental fund portfolio and 1.52 years for the enterprise fund portfolio, and 1.67 years and 1.63 years at the end of the fiscal year, respectively.

Major initiatives

In the current fiscal year, the City budgeted \$13,955,107 for the site acquisition, design, and construction of a new City Hall. Bonds were issued 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.

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, 2005. This was the third consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



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



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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Winter Garden
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2005

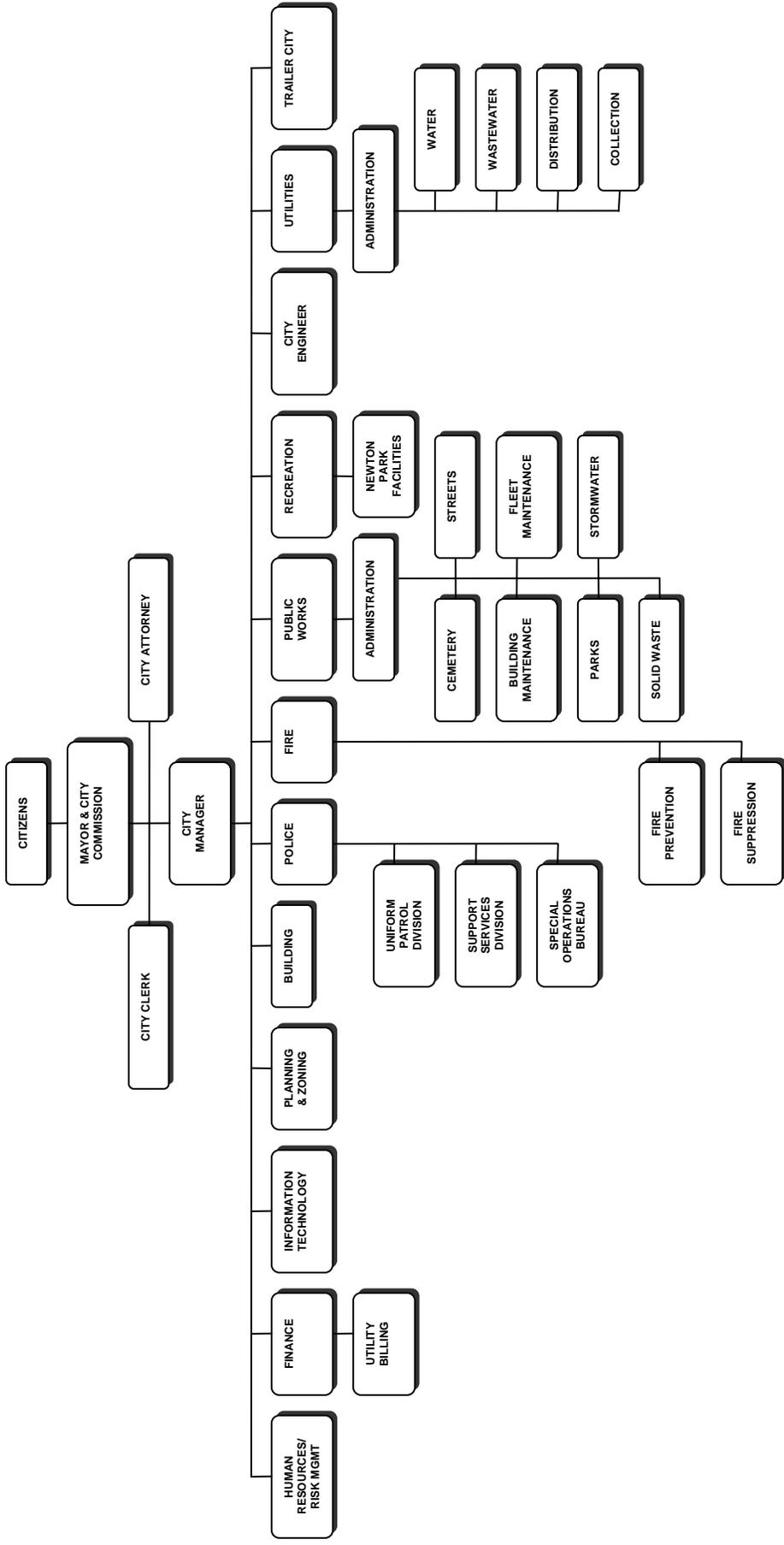
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

CITY OF WINTER GARDEN ORGANIZATIONAL CHART



CITY OF WINTER GARDEN, FLORIDA
LIST OF ELECTED AND APPOINTED OFFICIALS
As of September 30, 2006

Elected Officials

Mayor	Jack L. Quesinberry
City Commissioner—District 1	Gerald H. Jowers
City Commissioner—District 2	Theo E. Graham
City Commissioner—District 3	Charlie M. Wilder
City Commissioner—District 4	Colin P. Sharman

Appointed Officials

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



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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

—
MANAGEMENT'S DISCUSSION AND ANALYSIS

—
BASIC FINANCIAL STATEMENTS

—
REQUIRED SUPPLEMENTARY INFORMATION

—
**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**



Sines, Girvin, Blakeslee & Campbell

Certified Public Accountants, P.A.

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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Winter Garden, Florida (the "City") as of and for the year ended September 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2006, 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, New City Hall Fund and Impact Fee Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2007 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants, agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, not to provide an opinion on the internal control over financial reporting 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.

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

Page Two

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.
February 28, 2007

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, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-4 of this report.

Financial Highlights

- The assets of the City exceeded liabilities on September 30, 2006 by \$132,596,247. The unrestricted net assets on this date were \$32,200,546. These funds are available to meet the ongoing obligations of the City.
- The net assets of governmental activities on September 30, 2006 equaled \$69,506,764. Of this amount, \$12,189,529 was unrestricted. The net assets of business-type activities equaled \$63,089,483. Of this amount \$20,011,017 was unrestricted.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$47,134,609. Of this amount, \$38,311,799 is available for spending at the government's discretion (unreserved fund balance); however, \$15,537,563 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 \$12,959,202 reported in the New City Hall Fund has been designated for the site acquisition, design, and construction of a new city hall.
- Unreserved fund balance in the General Fund was \$9,621,567 at the end of the fiscal year, or 47 percent of total expenditures.
- Net assets in the Pension Trust Fund for General Employees increased \$1,305,119. Net assets in the Pension Trust Fund for Firefighters and Police Officers increased \$1,701,072.
- The City took on additional debt in the amount of \$12,025,000 (57 percent increase over beginning long-term debt balances) during the current fiscal year. This increase was attributable to the Series 2006 Sales Tax Revenue Bonds for the acquisition and construction of a new city hall.

Overview of the Financial Statements

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains ten 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 Fund, all of which are considered to be major funds. Data from the other six funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 28-38 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 47-73 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 74-75 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 \$132,596,247 at the close of the most recent fiscal year. The City's increase in net assets for this fiscal year amounts to \$26,864,824.

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 \$64,343,552 or 49 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	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$55,053,761	\$25,390,525	\$36,208,178	\$35,828,608	\$ 91,261,939	\$ 61,219,133
Capital assets	38,757,214	30,824,210	43,190,386	40,140,248	81,947,600	70,964,458
Total assets	93,810,975	56,214,735	79,398,564	75,968,856	173,209,539	132,183,591
Long-term liabilities						
outstanding	17,751,764	7,690,659	12,748,758	13,316,151	30,500,522	21,006,810
Other liabilities	6,552,447	2,825,851	3,560,323	2,619,507	10,112,770	5,445,358
Total liabilities	24,304,211	10,516,510	16,309,081	15,935,658	40,613,292	26,452,168
Net assets:						
Invested in capital assets, net of related debt	34,495,162	23,447,882	29,848,390	26,238,677	64,343,552	49,686,559
Restricted	22,822,073	8,036,244	13,230,076	11,186,375	36,052,149	19,222,619
Unrestricted	12,189,529	14,214,099	20,011,017	22,608,146	32,200,546	36,822,245
Total net assets	\$69,506,764	\$45,698,225	\$63,089,483	\$60,033,198	\$132,596,247	\$105,731,423

An additional portion of the City's net assets (18 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$32,200,546) 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.

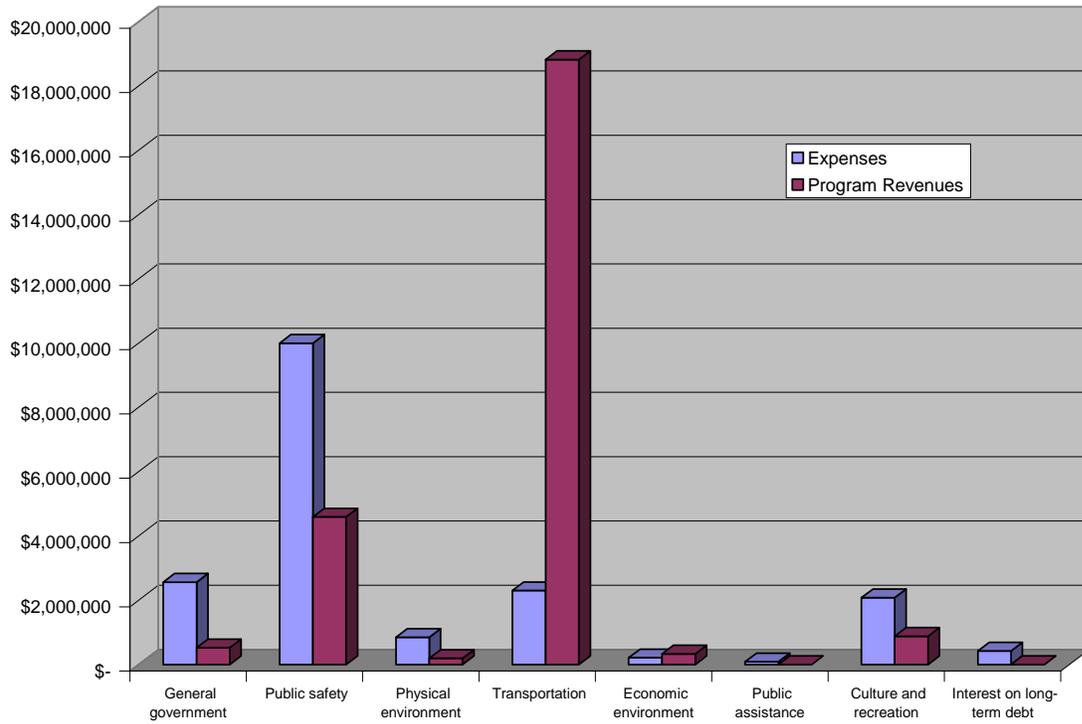
The City's net assets increased by \$26,864,824 during the current fiscal year. The majority of this increase represents the degree to which impact fee revenues have outstripped depreciation expense on capital assets purchased with impact fees.

Governmental activities. Governmental activities increased the City's net assets by \$23,808,539, thereby accounting for 89 percent of the total growth in net assets of the City. Key elements of this increase are as follows:

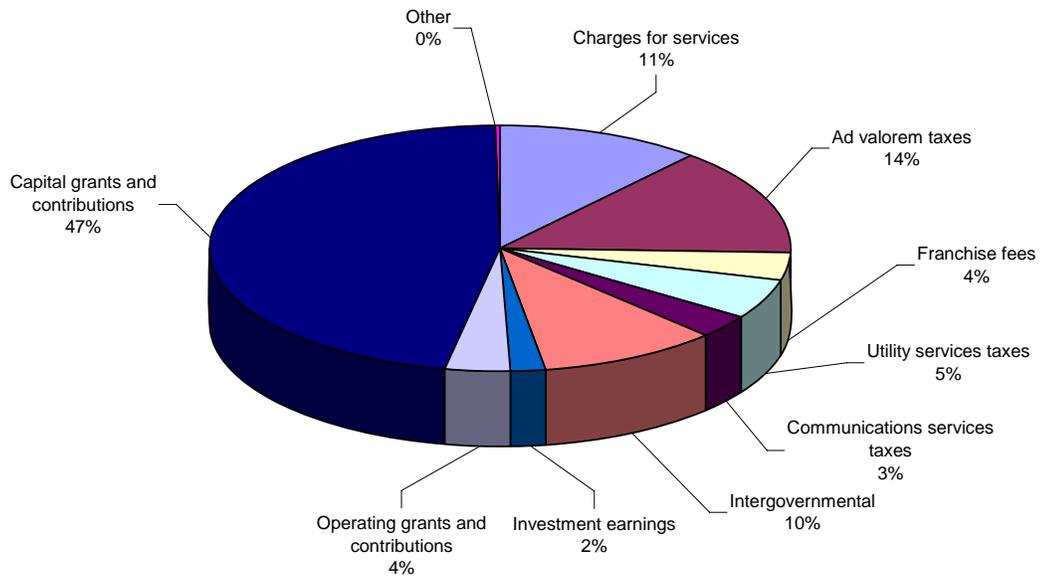
- The City received a \$9,785,187 contribution from a developer to fund road improvements necessitated by their project. This project was still in progress at year-end. Thus, this entire contribution has the effect of increasing net assets since the related asset is not yet being depreciated.
- The City experienced rapid growth in new construction during the current fiscal year,

	CITY OF WINTER GARDEN'S Changes in Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	\$ 4,651,173	\$ 3,866,767	\$12,187,969	\$11,408,533	\$16,839,142	\$15,275,300
Operating grants and contributions	1,549,023	1,456,767	32,109	(12,912)	1,581,132	1,443,855
Capital grants and contributions	19,154,514	5,374,448	5,135,587	7,338,743	24,290,101	12,713,191
General revenues:						
Ad valorem	5,777,996	4,507,982	-	-	5,777,996	4,507,982
Franchise fees	1,563,590	1,191,851	-	-	1,563,590	1,191,851
Utility service taxes	2,138,583	1,798,561	-	-	2,138,583	1,798,561
Communication services taxes	1,214,940	1,055,864	-	-	1,214,940	1,055,864
Unrestricted intergovernmental	4,185,961	3,801,533	-	-	4,185,961	3,801,533
Investment earnings	706,182	266,479	385,411	142,967	1,091,593	409,446
Gain (loss) on sale of capital assets	-	13,099	20,156	(119,606)	20,156	(106,507)
Other	90,626	82,622	-	-	90,626	82,622
Total revenues	41,032,588	23,415,973	17,761,232	18,757,725	58,793,820	42,173,698
Expenses:						
General government	2,565,945	2,095,732	-	-	2,565,945	2,095,732
Public safety	9,998,835	8,786,447	-	-	9,998,835	8,786,447
Physical environment	850,605	535,512	-	-	850,605	535,512
Transportation	2,302,093	2,258,355	-	-	2,302,093	2,258,355
Economic environment	214,813	158,183	-	-	214,813	158,183
Public assistance	88,909	88,871	-	-	88,909	88,871
Culture and recreation	2,082,868	1,766,330	-	-	2,082,868	1,766,330
Interest on long-term debt	424,215	494,844	-	-	424,215	494,844
Water and sewer	-	-	9,404,856	6,975,769	9,404,856	6,975,769
Solid Waste	-	-	3,140,333	2,673,105	3,140,333	2,673,105
Stormwater	-	-	641,121	497,173	641,121	497,173
Mobile home lot rentals	-	-	214,403	275,438	214,403	275,438
Total expenses	18,528,283	16,184,274	13,400,713	10,421,485	31,928,996	26,605,759
Increase in net assets before transfers	22,504,305	7,231,699	5,360,519	8,336,240	26,864,824	15,567,939
Transfers	1,304,234	(146,480)	(1,304,234)	146,480	-	-
Increase in net assets	23,808,539	7,085,219	3,056,285	8,482,720	26,864,824	15,567,939
Net assets- beginning	45,698,225	38,613,006	60,033,198	51,550,478	105,731,423	90,163,484
Net assets- ending	\$69,506,764	\$45,698,225	\$63,089,483	\$60,033,198	\$132,596,247	\$105,731,423

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



resulting in the collection of \$8,374,862 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.

Business-type activities. Business-type activities increased the City's net assets by \$3,056,285, accounting for 11 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 \$3,917,249 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

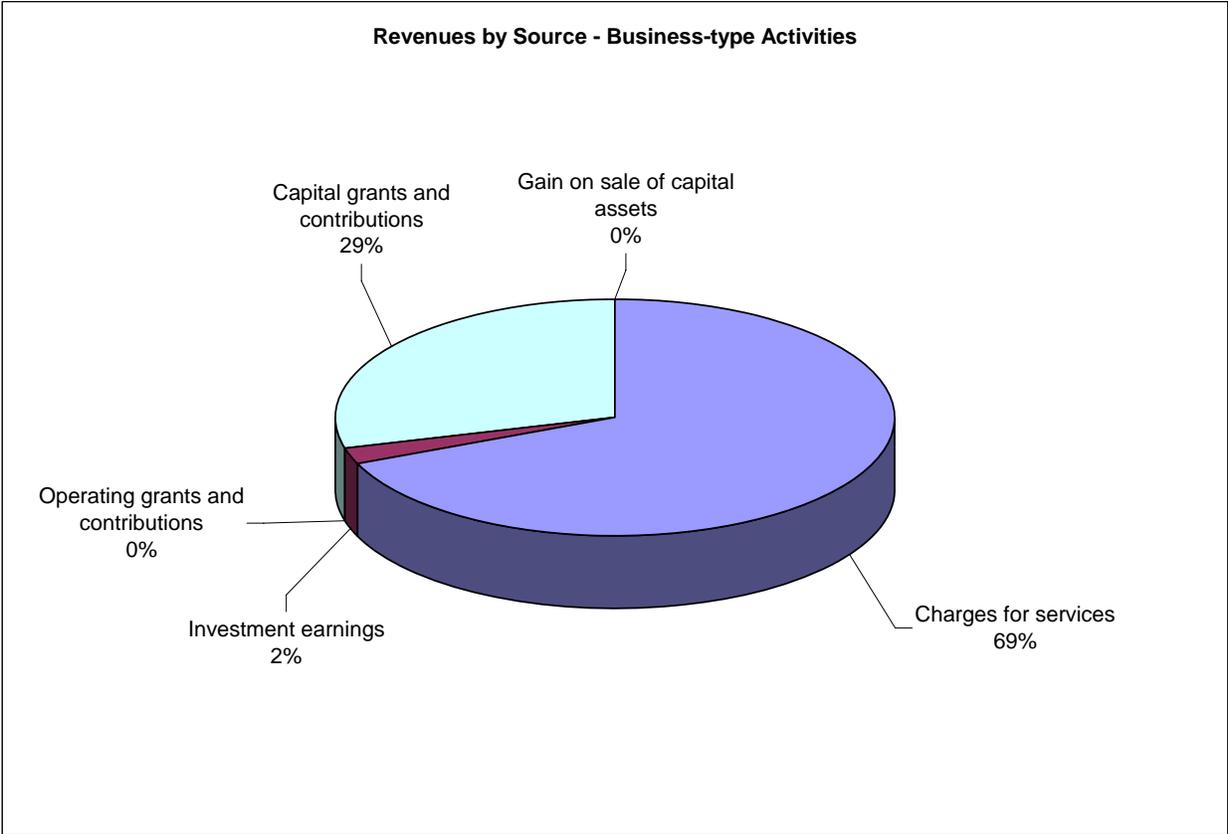
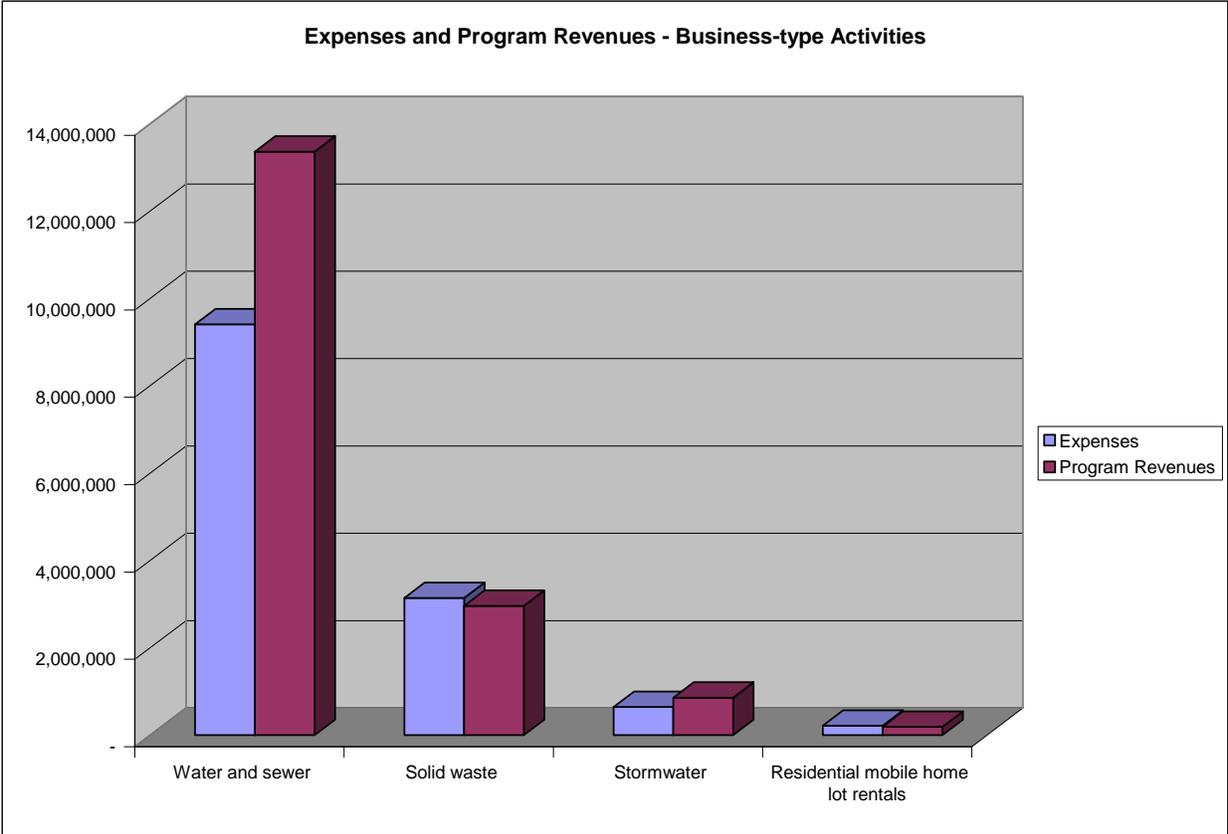
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 \$47,134,609, an increase of \$25,490,346. Of this amount, \$38,311,799 is unreserved, which is available for spending at the City's discretion; however, \$15,537,563 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 \$12,959,202 reported in the New City Hall Fund has been designated for the site acquisition, design, and 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 (\$6,685,770), 2) for advances to other funds (\$1,407,294), or 3) for a variety of other restricted purposes (\$729,746).

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 \$9,621,567, while total fund balance was \$11,758,607. 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 47 percent of general fund expenditures, while total fund balance represents 57 percent of the same amount.

The fund balance of the City's General Fund increased by \$563,537 during the current fiscal year. Key factors in this growth are as follows:



- Law enforcement expenditures were \$877,515 under budget. This was primarily due to amounts budgeted for a records management system (\$404,510), which was not expended during the current fiscal year.
- Financial and administrative expenditures were \$795,685 under budget. This was primarily due to amounts budgeted for the design of a new city hall (\$721,791), of which only \$128,502 was expended during the current fiscal year.

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 \$115,952 in this fund to result in a negative fund balance of \$413,164. The negative 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 negative balance. As tax increment revenues increase, the negative 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 \$12,155,983 in this fund. The key factor in this increase was a developer contribution in the amount of \$9,785,187 to fund road improvements necessitated by their project. Of this amount, only \$2,368,731 had been expended on the project at year-end. It is anticipated that the remaining \$7,416,456 will be expended in fiscal year 2007.

The New City Hall 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 increased \$12,959,202 in this fund. The key factor in this increase was the issuance of bonds in the amount of \$12,025,000 to fund the project. However, only \$1,428,259 had been expended on the project at year-end.

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 \$20,130,282. 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 \$3,025,107. Unrestricted net assets in the Solid Waste Fund at the end of the year amounted to \$218,128, with a decrease in net assets of \$176,753.

General Fund Budgetary Highlights

The General Fund budget was increased by \$3,010,575 from the original budget to the final amended budget (an increase of 15%). These increases can be summarized as follows:

- \$1,727,253 increase in general government activities. This was primarily due to increases for the design of a new city hall (\$721,791) and for the purchase of property (\$442,693).
- \$714,689 increase in public safety activities. This was primarily due to increases for law enforcement activities, including a new records management system (\$137,799) and five new police vehicles (\$163,965), and for building renovations for protective inspection activities (\$146,091).
- \$73,006 increase in physical environment activities.
- \$333,567 increase in transportation activities.
- \$169,490 increase in culture and recreation activities.
- \$7,430 decrease in reserve for contingencies.

Of this increase, \$1,138,814 was to be funded out of miscellaneous increases in tax revenues, fees, licenses and permits, intergovernmental revenues, fines and forfeits, investment earnings, rents and royalties, contributions and donations, and other revenues, net of decreases in charges for services and sale of capital assets. The remaining \$1,871,761 was to be budgeted from available fund balance. During the year, however, revenues exceeded budgetary estimates and expenditures were less than budgetary estimates, thus eliminating the need to draw upon existing fund balance.

The final budget for licenses and permits revenue was \$2,873,046, while the actual amount was \$3,305,453, a variance of \$432,407. This was primarily due to greater than expected building permits (\$425,062).

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2006, amounts to \$81,947,600 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and machinery and equipment. The total increase in the City's investment in capital assets for the current fiscal year was fifteen percent (a 26 percent increase for governmental activities and an eight percent increase for business-type activities).

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

- Site acquisition and design for a new city hall began. Total costs for site acquisition, design, and construction are expected to be \$13,955,107. As of the end of the current fiscal year, \$1,428,259 had been expended on the project.
- Construction began on the widening of Daniels Road North; construction in progress as of the end of the current fiscal year had reached \$2,368,731. Total construction costs are expected to be \$9,319,225.

- The City acquired properties and twin force mains from Louis Dreyfus Citrus at a total cost of \$3,002,984. It is envisioned that the properties could be used for affordable housing and for an additional wastewater treatment plant to expand the City's treatment capacity. The twin force mains will likely be used to advance the City's reclaimed water initiative.

	CITY OF WINTER GARDEN'S Capital Assets		
	Governmental Activities	Business-type Activities	Total
Land	\$ 10,962,585	\$ 1,024,601	\$ 11,987,186
Buildings	4,931,133	6,145,553	11,076,686
Improvements other than buildings	2,217,568	16,897,670	19,115,238
Equipment and furniture	7,957,755	4,697,627	12,655,382
Infrastructure	20,732,339	26,124,911	46,857,250
Construction work in progress	3,804,669	3,630,570	7,435,239
Less: accumulated depreciation	(11,848,835)	(15,330,546)	(27,179,381)
Net capital assets	<u>\$38,757,214</u>	<u>\$ 43,190,386</u>	<u>\$ 81,947,600</u>

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

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of \$30,560,759. Of this amount, \$5,312,936 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	\$12,025,000
Series 2001 OOCEA Agreement	2,210,070
Series 2001 CRA Loan	3,102,866
Sub-total	<u>17,337,936</u>
Business Type:	
Series 2005 SRF Loan	24,336
Series 2004 SRF Loan	1,925,861
Series 2003 SRF Loan	10,293,219
Series 2001 SRF Loan	979,407
Sub-total	<u>13,222,823</u>
Total	<u>\$30,560,759</u>

The City's total debt increased by \$9,708,887 (47 percent) during the current fiscal year. The key factor in this increase was the issuance of the Series 2006 Sales Tax Revenue Bonds in the amount of \$12,025,000 to fund the acquisition and construction of a new city hall.

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

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

Economic Factors and Next Year's Budgets and Rates

The City is experiencing significant growth, thus the costs of providing governmental services have likewise been increasing; however, revenues have kept pace with the growth in costs. During the budget process for the fiscal year ending September 30, 2007, department heads focused on controlling costs and were successful in doing so. The City held its millage rate at 4.3040.

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 6.6% CPI increase for commercial solid waste and recycling on January 1, 2006.

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.

BASIC FINANCIAL STATEMENTS



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City of Winter Garden, Florida
Statement of Net Assets
September 30, 2006

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 21,553,013	\$ 1,767,926	\$ 23,320,939
Receivables (net of allowance for uncollectibles)	1,988,085	1,940,084	3,928,169
Internal balances	594,021	(594,021)	-
Due from other governmental units	670,887	-	670,887
Inventories	26,107	242,113	268,220
Investments	28,728,209	4,293,421	33,021,630
Prepaid items	25,560	-	25,560
Other assets	8,303	-	8,303
Restricted cash, cash equivalents, and investments	-	28,558,655	28,558,655
Pension assets	1,459,576	-	1,459,576
Capital assets (net of accumulated depreciation):			
Land	10,962,585	1,024,601	11,987,186
Buildings	2,623,952	3,031,500	5,655,452
Improvements other than buildings	949,422	10,522,571	11,471,993
Equipment and furniture	3,090,049	1,263,983	4,354,032
Infrastructure	17,326,537	23,717,161	41,043,698
Construction work in progress	3,804,669	3,630,570	7,435,239
Total assets	<u>93,810,975</u>	<u>79,398,564</u>	<u>173,209,539</u>
LIABILITIES			
Accounts payable	1,327,129	477,862	1,804,991
Contracts payable	210,144	16,602	226,746
Due to other governmental units	1,894,580	-	1,894,580
Accrued interest payable	118,978	797	119,775
Accrued wages payable	170,590	32,621	203,211
Deposits	115,750	-	115,750
Unearned revenue	2,131,549	207,386	2,338,935
Other current liabilities	583,727	-	583,727
Liabilities payable from restricted assets	-	2,825,055	2,825,055
Noncurrent liabilities:			
Due within one year	124,691	17,341	142,032
Due in more than one year	17,627,073	12,731,417	30,358,490
Total liabilities	<u>24,304,211</u>	<u>16,309,081</u>	<u>40,613,292</u>
NET ASSETS			
Invested in capital assets, net of related debt	34,495,162	29,848,390	64,343,552
Restricted for:			
Public safety	2,835,940	-	2,835,940
Transportation	17,485,108	-	17,485,108
Culture and recreation	2,501,025	-	2,501,025
Debt service	-	560,282	560,282
Capital projects	-	11,219,043	11,219,043
Renewal and replacement	-	1,450,751	1,450,751
Unrestricted	12,189,529	20,011,017	32,200,546
Total net assets	<u>\$ 69,506,764</u>	<u>\$ 63,089,483</u>	<u>\$ 132,596,247</u>

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

City of Winter Garden, Florida
Statement of Activities
For the Year Ended September 30, 2006

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:					
General government	\$ 4,102,276	\$ (1,536,331)	\$ 522,068	\$ 1,883	\$ -
Public safety	9,998,835	-	3,015,971	344,032	1,236,284
Physical environment	1,210,835	(360,230)	193,875	-	-
Transportation	2,560,361	(258,268)	701,585	870,887	17,254,355
Economic environment	191,840	22,973	-	332,187	-
Public assistance	88,909	-	-	-	-
Culture and recreation	2,082,868	-	217,674	34	663,875
Interest on long-term debt	424,215	-	-	-	-
Total governmental activities	20,660,139	(2,131,856)	4,651,173	1,549,023	19,154,514
Business-type activities:					
Water and sewer	7,912,919	1,491,937	8,220,991	-	5,135,587
Solid waste	2,640,277	500,056	2,925,319	32,109	-
Stormwater	529,098	112,023	855,282	-	-
Residential mobile home lot rentals	186,563	27,840	186,377	-	-
Total business-type activities	11,268,857	2,131,856	12,187,969	32,109	5,135,587
Total Functions/Programs	\$ 31,928,996	\$ -	\$ 16,839,142	\$ 1,581,132	\$ 24,290,101

General revenues:
Taxes:
Ad valorem
Franchise fees
Utility services
Communications services
Unrestricted intergovernmental
Investment earnings
Gain on sale of capital assets
Other
Transfers
Total general revenues and transfers
Change in net assets
Net assets—beginning
Net assets—ending

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

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

Governmental Activities	Business-type Activities	Total
\$ (2,041,994)	\$ -	\$ (2,041,994)
(5,402,548)	-	(5,402,548)
(656,730)	-	(656,730)
16,524,734	-	16,524,734
117,374	-	117,374
(88,909)	-	(88,909)
(1,201,285)	-	(1,201,285)
(424,215)	-	(424,215)
<u>6,826,427</u>	<u>-</u>	<u>6,826,427</u>
-	3,951,722	3,951,722
-	(182,905)	(182,905)
-	214,161	214,161
-	(28,026)	(28,026)
-	<u>3,954,952</u>	<u>3,954,952</u>
<u>6,826,427</u>	<u>3,954,952</u>	<u>10,781,379</u>
5,777,996	-	5,777,996
1,563,590	-	1,563,590
2,138,583	-	2,138,583
1,214,940	-	1,214,940
4,185,961	-	4,185,961
706,182	385,411	1,091,593
-	20,156	20,156
90,626	-	90,626
1,304,234	(1,304,234)	-
<u>16,982,112</u>	<u>(898,667)</u>	<u>16,083,445</u>
23,808,539	3,056,285	26,864,824
45,698,225	60,033,198	105,731,423
<u>\$ 69,506,764</u>	<u>\$ 63,089,483</u>	<u>\$ 132,596,247</u>

City of Winter Garden, Florida
Balance Sheet
Governmental Funds
September 30, 2006

	General	Community Redevelopment Agency
ASSETS		
Cash and cash equivalents	\$ 2,497,262	\$ 404,062
Receivables (net of allowance for uncollectibles)	1,988,085	-
Due from other funds	11,815	-
Advances to other funds	1,407,294	-
Due from other governmental units	391,370	-
Investments	10,155,726	-
Prepaid items	25,560	-
Other assets	8,303	-
Total assets	\$ 16,485,415	\$ 404,062
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 503,465	\$ 3,953
Contracts payable	-	-
Due to other funds	-	-
Due to other governmental units	1,894,580	-
Accrued wages payable	169,737	-
Deposits	115,750	-
Deferred revenue	1,459,549	-
Other current liabilities	583,727	-
Advances from other funds	-	813,273
Total liabilities	4,726,808	817,226
 Fund balances:		
Reserved for:		
Encumbrances	-	-
Police training and education	43,579	-
Television production equipment	30,000	-
Enforcement of Florida Building Code	630,607	-
Advances to other funds	1,407,294	-
Prepaid items	25,560	-
Unreserved (deficit), reported in:		
General fund	9,621,567	-
Special revenue funds	-	(413,164)
Capital projects funds	-	-
Total fund balances	11,758,607	(413,164)
Total liabilities and fund balances	\$ 16,485,415	\$ 404,062

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

<u>Impact Fee</u>	<u>New City Hall</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 4,989,954	\$ 13,062,934	\$ 598,801	\$ 21,553,013
-	-	-	1,988,085
-	-	-	11,815
-	-	-	1,407,294
-	-	279,517	670,887
18,572,483	-	-	28,728,209
-	-	-	25,560
-	-	-	8,303
<u>\$ 23,562,437</u>	<u>\$ 13,062,934</u>	<u>\$ 878,318</u>	<u>\$ 54,393,166</u>
\$ 651,960	\$ 103,732	\$ 64,019	\$ 1,327,129
210,144	-	-	210,144
-	-	11,815	11,815
-	-	-	1,894,580
-	-	853	170,590
-	-	-	115,750
477,000	-	195,000	2,131,549
-	-	-	583,727
-	-	-	813,273
<u>1,339,104</u>	<u>103,732</u>	<u>271,687</u>	<u>7,258,557</u>
6,685,770	-	-	6,685,770
-	-	-	43,579
-	-	-	30,000
-	-	-	630,607
-	-	-	1,407,294
-	-	-	25,560
-	-	-	9,621,567
15,537,563	-	606,631	15,731,030
-	12,959,202	-	12,959,202
<u>22,223,333</u>	<u>12,959,202</u>	<u>606,631</u>	<u>47,134,609</u>
<u>\$ 23,562,437</u>	<u>\$ 13,062,934</u>	<u>\$ 878,318</u>	<u>\$ 54,393,166</u>



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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, 2006

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

Fund balances-total governmental funds	\$ 47,134,609
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	38,757,214
Inventories are recognized as an expenditure at the time of purchase in the governmental funds.	26,107
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.	1,459,576
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(17,751,764)
Interest payable on long-term debt is not accrued in governmental funds; rather, it is recognized as an expenditure when due. These liabilities are reported in the Statement of Net Assets.	<u>(118,978)</u>
Net assets of governmental activities	<u>\$ 69,506,764</u>

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

City of Winter Garden, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2006

	<u>General</u>	<u>Community Redevelopment Agency</u>
REVENUES		
Taxes:		
Ad valorem	\$ 5,777,996	\$ -
Franchise fees	1,563,590	-
Utility services	2,138,583	-
Communications services	1,214,940	-
Licenses and permits	3,305,453	-
Intergovernmental	4,357,147	332,187
Charges for services	2,955,962	-
Fines and forfeits	302,169	-
Investment earnings	568,987	38,907
Rents and royalties	152,813	-
Impact fees	-	-
Contributions and donations	3,085	-
Other	81,923	8,703
Total revenues	<u>22,422,648</u>	<u>379,797</u>
EXPENDITURES		
Current:		
General government	4,481,830	-
Public safety	9,911,522	-
Physical environment	1,258,938	-
Transportation	1,757,047	-
Economic environment	748,312	57,204
Public assistance	88,909	-
Culture and recreation	2,287,191	-
Capital outlay	-	-
Debt service:		
Principal	23,636	-
Interest	3,523	41,466
Total expenditures	<u>20,560,908</u>	<u>98,670</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,861,740</u>	<u>281,127</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	277,036
Transfers out	(1,305,363)	(442,211)
Debt proceeds	-	-
Discount on debt proceeds	-	-
Sale of capital assets	7,160	-
Total other financing sources and (uses)	<u>(1,298,203)</u>	<u>(165,175)</u>
Net change in fund balances	563,537	115,952
Fund balances (deficits)—beginning	11,195,070	(529,116)
Fund balances (deficits)—ending	<u>\$ 11,758,607</u>	<u>\$ (413,164)</u>

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

<u>Impact Fee</u>	<u>New City Hall</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 5,777,996
-	-	-	1,563,590
-	-	-	2,138,583
-	-	-	1,214,940
-	-	-	3,305,453
-	-	1,176,669	5,866,003
-	-	-	2,955,962
-	-	89,605	391,774
717,448	58,227	40,061	1,423,630
-	-	-	152,813
8,374,862	-	-	8,374,862
9,958,587	-	-	9,961,672
155	-	-	90,781
<u>19,051,052</u>	<u>58,227</u>	<u>1,306,335</u>	<u>43,218,059</u>
-	-	-	4,481,830
276,921	-	386,571	10,575,014
-	-	-	1,258,938
4,545,073	-	1,251,739	7,553,859
-	-	-	805,516
-	-	-	88,909
22,999	-	680	2,310,870
-	1,351,940	-	1,351,940
1,712,866	-	275,560	2,012,062
337,210	-	166,651	548,850
<u>6,895,069</u>	<u>1,351,940</u>	<u>2,081,201</u>	<u>30,987,788</u>
<u>12,155,983</u>	<u>(1,293,713)</u>	<u>(774,866)</u>	<u>12,230,271</u>
-	2,304,234	470,538	3,051,808
-	-	-	(1,747,574)
-	12,025,000	-	12,025,000
-	(76,319)	-	(76,319)
-	-	-	7,160
-	<u>14,252,915</u>	<u>470,538</u>	<u>13,260,075</u>
12,155,983	12,959,202	(304,328)	25,490,346
10,067,350	-	910,959	21,644,263
<u>\$ 22,223,333</u>	<u>\$ 12,959,202</u>	<u>\$ 606,631</u>	<u>\$ 47,134,609</u>

**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, 2006**

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

Net change in fund balances—total governmental funds	\$ 25,490,346
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.	(30,641)
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.	7,967,436
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.	(34,432)
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.	(10,012,938)
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.	469,200
In the governmental funds, purchases of inventories are reported as expenditures, whereas in the Statement of Activities, only the change in the balance of inventories is expensed.	<u>(40,432)</u>
Change in net assets of governmental activities	<u>\$ 23,808,539</u>

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

City of Winter Garden, Florida
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
For the Year Ended September 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes:				
Ad valorem	\$ 5,633,082	\$ 5,633,082	\$ 5,777,996	\$ 144,914
Franchise fees	1,203,000	1,468,000	1,563,590	95,590
Utility services	1,749,800	2,063,800	2,138,583	74,783
Communications services	1,026,551	1,103,551	1,214,940	111,389
Licenses and permits	2,570,000	2,873,046	3,305,453	432,407
Intergovernmental	4,154,946	4,315,261	4,357,147	41,886
Charges for services	2,821,946	2,704,774	2,955,962	251,188
Fines and forfeits	186,000	260,625	302,169	41,544
Investment earnings	311,400	332,400	568,987	236,587
Rents and royalties	126,520	141,520	152,813	11,293
Contributions and donations	-	3,000	3,085	85
Other	67,200	92,200	81,923	(10,277)
Total revenues	<u>19,850,445</u>	<u>20,991,259</u>	<u>22,422,648</u>	<u>1,431,389</u>
EXPENDITURES				
Current:				
General government:				
Legislative	142,317	230,998	210,044	20,954
Financial and administrative	2,771,629	4,222,604	3,426,919	795,685
Legal Counsel	170,000	206,487	300,791	(94,304)
Comprehensive Planning	424,401	575,511	544,076	31,435
Total general government	<u>3,508,347</u>	<u>5,235,600</u>	<u>4,481,830</u>	<u>753,770</u>
Public safety:				
Law enforcement	5,815,038	6,217,476	5,339,961	877,515
Fire control	3,288,997	3,455,157	3,137,003	318,154
Protective inspections	1,655,045	1,801,136	1,434,558	366,578
Total public safety	<u>10,759,080</u>	<u>11,473,769</u>	<u>9,911,522</u>	<u>1,562,247</u>
Physical environment:				
Cemetery	145,357	145,357	143,124	2,233
Building maintenance	408,180	442,386	415,976	26,410
Fleet maintenance	319,124	334,424	357,128	(22,704)
Other	320,090	343,590	342,710	880
Total physical environment	<u>1,192,751</u>	<u>1,265,757</u>	<u>1,258,938</u>	<u>6,819</u>
Transportation:				
Engineering	678,503	928,905	866,855	62,050
Construction and maintenance	954,906	1,038,071	890,192	147,879
Total transportation	<u>1,633,409</u>	<u>1,966,976</u>	<u>1,757,047</u>	<u>209,929</u>
Economic environment	750,000	750,000	748,312	1,688
Public assistance	86,000	86,000	88,909	(2,909)
Culture and recreation	2,233,546	2,403,036	2,287,191	115,845
Reserve for contingencies	400,000	392,570	-	392,570
Debt service:				
Principal	23,528	23,528	23,636	(108)
Interest	3,630	3,630	3,523	107
Total expenditures	<u>20,590,291</u>	<u>23,600,866</u>	<u>20,560,908</u>	<u>3,039,958</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(739,846)</u>	<u>(2,609,607)</u>	<u>1,861,740</u>	<u>4,471,347</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,305,363)	(1,305,363)	(1,305,363)	-
Sale of capital assets	3,000	1,000	7,160	6,160
Total other financing sources and (uses)	<u>(1,302,363)</u>	<u>(1,304,363)</u>	<u>(1,298,203)</u>	<u>6,160</u>
Net change in fund balances	(2,042,209)	(3,913,970)	563,537	4,477,507
Fund balances—beginning	11,195,070	11,195,070	11,195,070	-
Fund balances—ending	<u>\$ 9,152,861</u>	<u>\$ 7,281,100</u>	<u>\$ 11,758,607</u>	<u>\$ 4,477,507</u>

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, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
REVENUES				
Intergovernmental	\$ 332,385	\$ 332,385	\$ 332,187	\$ (198)
Investment earnings	20,000	20,000	38,907	18,907
Other	-	-	8,703	8,703
Total revenues	<u>352,385</u>	<u>352,385</u>	<u>379,797</u>	<u>27,412</u>
EXPENDITURES				
Current:				
Economic environment	74,873	89,317	57,204	32,113
Debt service:				
Interest	41,467	41,467	41,466	1
Total expenditures	<u>116,340</u>	<u>130,784</u>	<u>98,670</u>	<u>32,114</u>
Excess of revenues over expenditures	<u>236,045</u>	<u>221,601</u>	<u>281,127</u>	<u>59,526</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	277,036	277,036	277,036	-
Transfers out	<u>(442,211)</u>	<u>(442,211)</u>	<u>(442,211)</u>	<u>-</u>
Total other financing sources and (uses)	<u>(165,175)</u>	<u>(165,175)</u>	<u>(165,175)</u>	<u>-</u>
Net change in fund balances	70,870	56,426	115,952	59,526
Fund balances—beginning	<u>(529,116)</u>	<u>(529,116)</u>	<u>(529,116)</u>	<u>-</u>
Fund balances—ending	<u>\$ (458,246)</u>	<u>\$ (472,690)</u>	<u>\$ (413,164)</u>	<u>\$ 59,526</u>

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, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
REVENUES				
Investment earnings	\$ 233,000	\$ 328,250	\$ 717,448	\$ 389,198
Contributions and donations	100,000	100,000	9,958,587	9,858,587
Impact fees	5,420,347	5,420,347	8,374,862	2,954,515
Other	-	-	155	155
Total revenues	<u>5,753,347</u>	<u>5,848,597</u>	<u>19,051,052</u>	<u>13,202,455</u>
EXPENDITURES				
Current:				
Public safety:				
Law enforcement	162,273	384,280	257,077	127,203
Fire control	-	679,316	19,844	659,472
Total public safety	<u>162,273</u>	<u>1,063,596</u>	<u>276,921</u>	<u>786,675</u>
Transportation	<u>1,059,500</u>	<u>3,648,851</u>	<u>4,545,073</u>	<u>(896,222)</u>
Culture and recreation	<u>500,000</u>	<u>2,400,947</u>	<u>22,999</u>	<u>2,377,948</u>
Debt service:				
Principal	1,733,793	1,733,793	1,712,866	20,927
Interest	316,283	316,283	337,210	(20,927)
Total expenditures	<u>3,771,849</u>	<u>9,163,470</u>	<u>6,895,069</u>	<u>2,268,401</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,981,498</u>	<u>(3,314,873)</u>	<u>12,155,983</u>	<u>15,470,856</u>
Fund balances—beginning	<u>10,067,350</u>	<u>10,067,350</u>	<u>10,067,350</u>	<u>-</u>
Fund balances—ending	<u>\$ 12,048,848</u>	<u>\$ 6,752,477</u>	<u>\$ 22,223,333</u>	<u>\$ 15,470,856</u>

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

City of Winter Garden, Florida
New City Hall Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
From inception and for the Year Ended September 30, 2006

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
REVENUES				
Investment earnings	\$ -	\$ 58,227	\$ 58,227	\$ -
Total revenues	<u>-</u>	<u>58,227</u>	<u>58,227</u>	<u>-</u>
EXPENDITURES				
Capital outlay:				
General government	-	1,351,940	1,351,940	13,955,107
Total expenditures	<u>-</u>	<u>1,351,940</u>	<u>1,351,940</u>	<u>13,955,107</u>
(Deficiency) of revenues (under) expenditures	<u>-</u>	<u>(1,293,713)</u>	<u>(1,293,713)</u>	<u>(13,955,107)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	2,304,234	2,304,234	2,304,234
Debt proceeds	-	12,025,000	12,025,000	11,650,873
Discount on debt proceeds	<u>-</u>	<u>(76,319)</u>	<u>(76,319)</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>14,252,915</u>	<u>14,252,915</u>	<u>13,955,107</u>
Net change in fund balances	<u>\$ -</u>	<u>12,959,202</u>	<u>\$ 12,959,202</u>	<u>\$ -</u>
Fund balances—beginning		<u>-</u>		
Fund balances—ending		<u>\$ 12,959,202</u>		

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



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City of Winter Garden, Florida
Statement of Net Assets
Proprietary Funds
September 30, 2006

Business-type Activities—Enterprise Funds

	Water and Sewer Utility	Solid Waste	Other Enterprise Funds	Totals
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,259,063	\$ 98,403	\$ 410,460	\$ 1,767,926
Accounts receivable (net of allowance for uncollectibles)	1,272,336	258,405	85,582	1,616,323
Interest receivable	323,761	-	-	323,761
Inventories--materials and supplies	242,113	-	-	242,113
Investments	4,293,421	-	-	4,293,421
Restricted cash, cash equivalents, and investments for payment of current liabilities	2,825,055	-	-	2,825,055
Total current assets	10,215,749	356,808	496,042	11,068,599
Noncurrent assets:				
Restricted cash, cash equivalents, and investments:				
Capital projects	23,722,567	-	-	23,722,567
Renewal and replacement	1,450,751	-	-	1,450,751
Debt service	560,282	-	-	560,282
Total restricted	25,733,600	-	-	25,733,600
Capital assets:				
Land	700,149	261,152	63,300	1,024,601
Buildings	5,569,682	521,284	54,587	6,145,553
Improvements other than buildings	14,720,313	311,145	1,866,212	16,897,670
Equipment and furniture	2,357,213	1,870,688	469,726	4,697,627
Infrastructure	24,702,112	-	1,422,799	26,124,911
Construction work in progress	3,255,908	-	374,662	3,630,570
Less accumulated depreciation	<u>(12,636,393)</u>	<u>(1,656,344)</u>	<u>(1,037,809)</u>	<u>(15,330,546)</u>
Total capital assets (net of accumulated depreciation)	38,668,984	1,307,925	3,213,477	43,190,386
Total noncurrent assets	64,402,584	1,307,925	3,213,477	68,923,986
Total assets	74,618,333	1,664,733	3,709,519	79,992,585
LIABILITIES				
Current liabilities:				
Accounts payable	159,750	112,933	205,179	477,862
Contracts payable	-	-	16,602	16,602
Compensated absences	11,268	4,905	1,168	17,341
Accrued interest payable	-	-	797	797
Accrued wages payable	20,085	8,199	4,337	32,621
Deferred revenue	202,117	-	5,269	207,386
Payable from restricted assets:				
Accounts payable	707,821	-	-	707,821
Notes and loans payable	541,748	-	-	541,748
Contracts payable	99,495	-	-	99,495
Accrued interest payable	118,376	-	-	118,376
Customer deposits	<u>1,357,615</u>	<u>-</u>	<u>-</u>	<u>1,357,615</u>
Total current liabilities	3,218,275	126,037	233,352	3,577,664
Noncurrent liabilities:				
Notes and loans payable	12,656,739	-	24,336	12,681,075
Compensated absences	30,840	12,643	6,859	50,342
Advances from other funds	-	-	594,021	594,021
Total noncurrent liabilities	12,687,579	12,643	625,216	13,325,438
Total liabilities	15,905,854	138,680	858,568	16,903,102
NET ASSETS				
Invested in capital assets, net of related debt	25,352,121	1,307,925	3,188,344	29,848,390
Restricted for:				
Capital projects	11,219,043	-	-	11,219,043
Renewal and Replacement	1,450,751	-	-	1,450,751
Debt service	560,282	-	-	560,282
Unrestricted	<u>20,130,282</u>	<u>218,128</u>	<u>(337,393)</u>	<u>20,011,017</u>
Total net assets	\$ 58,712,479	\$ 1,526,053	\$ 2,850,951	\$ 63,089,483

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, 2006

Business-type Activities—Enterprise Funds				
	Water and Sewer Utility	Solid Waste	Other Enterprise Funds	Totals
Operating revenues:				
Licenses and permits	\$ 19,575	\$ -	\$ -	\$ 19,575
Charges for services	8,145,854	2,925,319	855,282	11,926,455
Other	326,018	-	186,377	512,395
Total operating revenues	<u>8,491,447</u>	<u>2,925,319</u>	<u>1,041,659</u>	<u>12,458,425</u>
Operating expenses:				
Personal services	1,767,816	675,885	368,684	2,812,385
Contractual services	1,156,514	1,395,718	27,269	2,579,501
Utilities	707,588	2,371	11,209	721,168
Supplies	1,539,579	202,365	23,381	1,765,325
Depreciation	1,719,124	209,068	180,093	2,108,285
Other services and charges	2,093,224	654,926	244,306	2,992,456
Total operating expenses	<u>8,983,845</u>	<u>3,140,333</u>	<u>854,942</u>	<u>12,979,120</u>
Operating income (loss)	<u>(492,398)</u>	<u>(215,014)</u>	<u>186,717</u>	<u>(520,695)</u>
Nonoperating revenues (expenses):				
Intergovernmental	(8,850)	32,109	-	23,259
Investment earnings	1,314,395	6,152	21,596	1,342,143
Impact fees	3,917,249	-	-	3,917,249
Gain on sale of capital assets	19,956	-	200	20,156
Interest expense	(421,011)	-	(582)	(421,593)
Total nonoperating revenues (expenses)	<u>4,821,739</u>	<u>38,261</u>	<u>21,214</u>	<u>4,881,214</u>
Income (loss) before transfers	4,329,341	(176,753)	207,931	4,360,519
Transfers in	1,451,081	-	-	1,451,081
Transfers out	(2,755,315)	-	-	(2,755,315)
Change in net assets	3,025,107	(176,753)	207,931	3,056,285
Total net assets—beginning	<u>55,687,372</u>	<u>1,702,806</u>	<u>2,643,020</u>	<u>60,033,198</u>
Total net assets—ending	<u>\$ 58,712,479</u>	<u>\$ 1,526,053</u>	<u>\$ 2,850,951</u>	<u>\$ 63,089,483</u>

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, 2006

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	\$ 8,631,908	\$ 2,882,733	\$ 1,029,706	\$ 12,544,347
Payments to suppliers	(4,681,813)	(2,247,248)	(122,397)	(7,051,458)
Payments to employees	(1,789,302)	(677,216)	(367,299)	(2,833,817)
Payments to other governmental units	(15,878)	-	-	(15,878)
Net cash provided (used) by operating activities	<u>2,144,915</u>	<u>(41,731)</u>	<u>540,010</u>	<u>2,643,194</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	1,451,081	-	-	1,451,081
Transfers to other funds	(2,755,315)	-	-	(2,755,315)
Interest paid on deposits	(37,523)	-	-	(37,523)
Net cash (used) by noncapital and related financing activities	<u>(1,341,757)</u>	<u>-</u>	<u>-</u>	<u>(1,341,757)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Grants received	20,332	41,174	-	61,506
Purchases of capital assets	(4,507,448)	(92,103)	(580,238)	(5,179,789)
Principal paid on capital debt	(327,686)	-	-	(327,686)
Interest paid on capital debt	(615,959)	-	-	(615,959)
Proceeds from sales of capital assets	21,881	-	200	22,081
Impact fees received	3,917,249	-	-	3,917,249
Net cash (used) by capital and related financing activities	<u>(1,491,631)</u>	<u>(50,929)</u>	<u>(580,038)</u>	<u>(2,122,598)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	27,912,365	-	-	27,912,365
Purchase of investments	(27,166,016)	-	-	(27,166,016)
Interest received	1,173,108	6,152	21,596	1,200,856
Net cash provided by investing activities	<u>1,919,457</u>	<u>6,152</u>	<u>21,596</u>	<u>1,947,205</u>
Net increase (decrease) in cash and cash equivalents	1,230,984	(86,508)	(18,432)	1,126,044
Cash and cash equivalents, October 1 (including \$2,246,531 for the water and sewer fund reported in restricted accounts)	<u>3,302,448</u>	<u>184,911</u>	<u>428,892</u>	<u>3,916,251</u>
Cash and cash equivalents, September 30 (including \$3,274,369 for the water and sewer fund reported in restricted accounts)	<u>\$ 4,533,432</u>	<u>\$ 98,403</u>	<u>\$ 410,460</u>	<u>\$ 5,042,295</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (492,398)	\$ (215,014)	\$ 186,717	\$ (520,695)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	1,719,124	209,068	180,093	2,108,285
(Increase) in accounts receivable	(203,862)	(47,382)	(12,517)	(263,761)
Increase (decrease) in allowance for uncollectible accounts	107,787	4,796	(1,251)	111,332
Decrease (increase) in inventories--materials and supplies	240,226	9,878	5,491	255,595
Increase in customer deposits	66,358	-	-	66,358
Increase (decrease) in accounts payable	574,866	(1,746)	178,277	751,397
(Decrease) in due to other governmental units	(1,137)	-	-	(1,137)
Increase in accrued wages payable	1,334	1,748	1,091	4,173
Increase in deferred revenue	155,437	-	1,815	157,252
Increase (decrease) in compensated absences	(22,820)	(3,079)	294	(25,605)
Total adjustments	<u>2,637,313</u>	<u>173,283</u>	<u>353,293</u>	<u>3,163,889</u>
Net cash provided (used) by operating activities	<u>\$ 2,144,915</u>	<u>\$ (41,731)</u>	<u>\$ 540,010</u>	<u>\$ 2,643,194</u>
Noncash investing, capital, and financing activities:				
Increase in fair value of investments	284,640	-	-	-

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, 2006**

	Pension Trust Funds
ASSETS	
Cash and cash equivalents	\$ 2,312,437
Receivables:	
Employer	580,012
Retiree	8,180
Member	1,903
Interest and dividends	124,312
Total receivables	714,407
Due from other governmental units	195,000
Investments, at fair value:	
Real estate investment trusts	1,518,275
Fixed income securities	8,630,241
Equities	15,485,818
Total investments	25,634,334
Total assets	28,856,178
LIABILITIES	
Accounts payable	17,711
Deferred revenue	195,000
Total liabilities	212,711
NET ASSETS	
Held in trust for pension benefits	\$ 28,643,467

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, 2006

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 1,889,808
Plan members	41,593
Excise tax proceeds	<u>292,420</u>
Total contributions	<u>2,223,821</u>
Investment earnings:	
Interest	513,240
Dividends	330,266
Net increase in the fair value of investments	516,812
Gain on sale of investments	<u>609,354</u>
Total investment earnings	1,969,672
Less investment expense	<u>153,037</u>
Net investment earnings	<u>1,816,635</u>
Total additions	<u>4,040,456</u>
DEDUCTIONS	
Benefits	983,301
Refunds	2,275
Administrative	<u>48,689</u>
Total deductions	<u>1,034,265</u>
Change in net assets	3,006,191
Net assets—beginning	<u>25,637,276</u>
Net assets—ending	<u>\$ 28,643,467</u>

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



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CITY OF WINTER GARDEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
for the year ended September 30, 2006

I. Summary of significant accounting policies

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

A. Reporting Entity

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

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

B. Government-wide and fund financial statements

Government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the City and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

CITY OF WINTER GARDEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
for the year ended September 30, 2006

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).

CITY OF WINTER GARDEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
for the year ended September 30, 2006

The *New City Hall 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 provide disability and retirement benefits for its qualified employees and retirees.

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The Water and Sewer Utility Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative

CITY OF WINTER GARDEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
for the year ended September 30, 2006

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."

CITY OF WINTER GARDEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
for the year ended September 30, 2006

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.

CITY OF WINTER GARDEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
for the year ended September 30, 2006

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.

CITY OF WINTER GARDEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
for the year ended September 30, 2006

E. Property taxes

For property taxes budgeted for the fiscal year ended September 30, 2006, all property was assessed according to its fair market value on January 1, 2005, and a lien was placed on the property for taxes at that time. The tax levy of the City was established by the City Commission on September 21, 2005. Tax bills were rendered November 1, 2005, and unpaid taxes became delinquent on April 1, 2006. On or prior to June 1, 2006, tax certificates were sold for all delinquent taxes on real property.

F. New accounting pronouncements

Effective October 1, 2005, the City adopted the provisions of GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*. The effect of this adoption was to modify the tables and narratives in the statistical section.

Effective October 1, 2005, the City adopted the provisions of GASB Statement No. 47, *Accounting for Termination Benefits*. This effects how the City accounts for benefits associated with either voluntary or involuntary terminations.

II. Reconciliation of government-wide and fund financial statements

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

The governmental fund balance sheet includes reconciliation between *fund balance—total governmental funds* and *net assets—governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$17,751,764 difference are as follows:

Bonds, notes, and long-term agreements payable	\$17,337,936
Capital lease payable	51,331
Compensated absences	<u>362,497</u>
Net adjustment to reduce <i>fund balance—total governmental funds</i> to arrive at <i>net assets—governmental activities</i>	<u>\$17,751,764</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances—total governmental funds* and

CITY OF WINTER GARDEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
for the year ended September 30, 2006

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 \$7,967,436 difference are as follows:

Capital outlay	\$9,979,007
Depreciation expense	<u>(2,011,571)</u>
Net adjustment to increase <i>net changes in fund balances—total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$7,967,436</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.” The details of this \$10,012,938 difference are as follows:

Debt issued or incurred:	
Issuance of revenue bonds	\$12,025,000
Principal repayments:	
Capital leases	(23,636)
Intergovernmental agreements	(1,712,866)
Revenue notes	<u>(275,560)</u>
Net adjustment to decrease <i>net changes in fund balances—total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$10,012,938</u>

Another element of that reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$469,200 difference are as follows:

Compensated absences	\$ (48,167)
Accrued interest	124,635
Pension asset	<u>392,732</u>
Net adjustment to decrease <i>net changes in fund balances—total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$469,200</u>

CITY OF WINTER GARDEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
for the year ended September 30, 2006

III. Budgetary compliance and accountability

A. Budgetary information

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

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 \$12,239,146 in the governmental funds. These were primarily due to encumbrances outstanding at the end of the 2005 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, 2006, expenditures in the Law Enforcement Grants Fund exceeded appropriations by \$21,186. These over expenditures were funded by available fund balance and a temporary advance from the General Fund.

For the year ended September 30, 2006, expenditures in the Police and Fire Premium Tax Trust Fund exceeded appropriations by \$54,529. 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 \$413,164 as of September 30, 2006. 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.

CITY OF WINTER GARDEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
for the year ended September 30, 2006

The Law Enforcement Grants Fund had a deficit fund balance of \$11,367 as of September 30, 2006. This was due to unanticipated grant expenditures which were funded by a corresponding advance from the General Fund.

IV. Detailed notes on all funds

A. Deposits and investments

As of September 30, 2006, the City had the following investments:

<u>Investment Type</u>	<u>Government-wide</u>		<u>Pension Trust Funds</u>	
	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Money market funds	\$ 268,821	0.00	\$ 2,312,437	0.00
United States Government securities	22,933,271	1.89	1,906,510	4.93
United States Government Agencies	35,103,824	1.51	4,408,612	9.68
Corporate obligations	-	0.00	2,315,119	9.28
Repurchase agreements	21,984,249	0.00	-	0.00
Local Government Surplus Funds Investment Pool Trust Fund	<u>4,579,794</u>	NA	-	NA
Total fair value—Government-wide	<u>\$84,869,959</u>			
Portfolio weighted average maturity		1.14		6.72
Real estate investment trusts			1,518,275	
Equities			<u>15,485,818</u>	
Total fair value—Pension Trust Funds			<u>\$27,946,771</u>	

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

CITY OF WINTER GARDEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
for the year ended September 30, 2006

<u>Investment Type</u>	<u>Maximum Length to Maturity (Years)</u>	<u>Minimum Credit Quality (Moody's/ S&P)</u>	<u>Maximum Percent with a Single Issuer</u>
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.

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, 2006, the City's carrying amount of deposits was \$29,140 and the bank balance was \$451,807. Of the bank balance, \$100,000 was covered by federal depository insurance, and \$351,807 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.

CITY OF WINTER GARDEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
for the year ended September 30, 2006

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, 2006, 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:

	<u>General</u>	<u>Water and Sewer Utility</u>	<u>Solid Waste</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 255,506	\$ -	\$ -	\$ -	\$ 255,506
Accounts	204,398	1,532,601	310,235	735,494	2,782,728
Notes	1,400,526	-	-	-	1,400,526
Interest	<u>280,696</u>	<u>323,761</u>	<u>-</u>	<u>124,312</u>	<u>728,769</u>
Gross receivables	2,141,126	1,856,362	310,235	859,806	5,167,529
Less: allowance for Uncollectibles	<u>(153,041)</u>	<u>(260,265)</u>	<u>(51,830)</u>	<u>(59,817)</u>	<u>(524,953)</u>
Net total receivables	<u>\$1,988,085</u>	<u>\$ 1,596,097</u>	<u>\$258,405</u>	<u>\$799,989</u>	<u>\$4,642,576</u>
Reported in:					
Governmental Activities	\$1,988,085	\$ -	\$ -	\$ -	\$1,988,085
Business-type Activities	-	1,596,097	258,405	85,582	1,940,084
Fiduciary funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>714,407</u>	<u>714,407</u>
Net total receivables	<u>\$1,988,085</u>	<u>\$1,596,097</u>	<u>\$ 258,405</u>	<u>\$799,989</u>	<u>\$4,642,576</u>

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

CITY OF WINTER GARDEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
for the year ended September 30, 2006

	<u>Unavailable</u>	<u>Unearned</u>
Police and fire premium taxes	195,000	
Customer credit balances		\$ 27,443
Developer agreements		947,282
Developer escrow accounts		961,824
Total deferred revenue for governmental funds	\$195,000	\$1,936,549

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:

	<u>Unearned</u>
Customer credit balances	\$207,386

C. Capital assets and construction commitments

Capital asset activities for the year ended September 30, 2006 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 7,790,251	\$ 3,172,334	\$ -	\$10,962,585
Construction in progress	3,506,206	298,463	-	3,804,669
Total capital assets, not being depreciated	11,296,457	3,470,797	-	14,767,254
Capital assets, being depreciated:				
Buildings	4,222,816	708,317	-	4,931,133
Improvements other than buildings	1,776,224	441,344	-	2,217,568
Machinery and equipment	6,863,002	1,431,993	(337,240)	7,957,755
Infrastructure	16,805,783	3,926,556	-	20,732,339
Total capital assets, being depreciated	29,667,825	6,508,210	(337,240)	35,838,795
Less accumulated depreciation for:				
Buildings	(2,004,349)	(302,832)	-	(2,307,181)
Improvements other than buildings	(1,172,794)	(95,352)	-	(1,268,146)
Machinery and equipment	(4,424,014)	(746,500)	302,808	(4,867,706)
Infrastructure	(2,538,915)	(866,887)	-	(3,405,802)
Total accumulated depreciation	(10,140,072)	(2,011,571)	302,808	(11,848,835)
Total capital assets, being depreciated, net	19,527,753	4,496,639	(34,432)	23,989,960
Governmental activities capital assets, net	\$30,824,210	\$ 7,967,436	\$ (34,432)	\$38,757,214

CITY OF WINTER GARDEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
for the year ended September 30, 2006

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 1,024,601	\$ -	\$ -	\$ 1,024,601
Construction in progress	3,467,120	163,450	-	3,630,570
Total capital assets, not being depreciated	<u>4,491,721</u>	<u>163,450</u>	<u>-</u>	<u>4,655,171</u>
Capital assets, being depreciated:				
Buildings and infrastructure	29,051,566	3,218,898	-	32,270,464
Improvements other than buildings	15,595,095	1,302,575	-	16,897,670
Machinery and equipment	4,244,777	475,427	(22,577)	4,697,627
Total capital assets, being depreciated	<u>48,891,438</u>	<u>4,996,900</u>	<u>(22,577)</u>	<u>53,865,761</u>
Less accumulated depreciation for:				
Buildings and infrastructure	(4,395,821)	(1,125,982)	-	(5,521,803)
Improvements other than buildings	(5,770,072)	(605,027)	-	(6,375,099)
Machinery and equipment	(3,077,018)	(377,276)	20,650	(3,433,644)
Total accumulated depreciation	<u>(13,242,912)</u>	<u>(2,108,285)</u>	<u>20,650</u>	<u>(15,330,546)</u>
Total capital assets, being depreciated, net	<u>35,648,527</u>	<u>2,888,615</u>	<u>(1,927)</u>	<u>38,535,215</u>
Business-type activities capital assets, net	<u>\$40,140,248</u>	<u>\$3,052,065</u>	<u>\$(1,927)</u>	<u>\$43,190,386</u>

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

Governmental activities:	
General government	\$ 303,298
Public safety	464,515
Physical environment	44,450
Transportation	778,230
Economic environment	193,142
Culture and recreation	<u>227,936</u>
Total depreciation expense—governmental activities	<u>\$2,011,571</u>
Business-type activities:	
Water and sewer	\$1,719,124
Solid waste	209,068
Stormwater	165,070
Residential mobile home lot rentals	<u>15,023</u>
Total depreciation expense—business-type activities	<u>\$2,108,285</u>

CITY OF WINTER GARDEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
for the year ended September 30, 2006

The City has active construction projects as of September 30, 2006. 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:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Street and utility line construction	\$1,591,381	\$7,486,779
Reclaimed water storage design	54,266	212,064
Utility and stormwater line upgrades	1,169,270	1,923,460
Total	<u>\$2,814,917</u>	<u>\$9,622,303</u>

The commitment for the street and utility line construction is being funded by developer contributions and utility impact fees. The commitments for the reclaimed water storage design is being financed by sewer impact fees. The commitment for the utility and stormwater line upgrades are being financed by water and sewer impact fees, utility renewal and replacement restricted funds, and stormwater charges for services.

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of September 30, 2006, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental fund	\$11,815

The outstanding balances between funds result from greater than anticipated grant-related expenditures in the Law Enforcement Grants Special Revenue Fund.

Advances to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor enterprise fund	\$ 594,021
	Community Redevelopment Agency	813,273
Total		<u>\$1,407,294</u>

Balances reported between the General Fund and the nonmajor enterprise fund were to allow the Stormwater Utility Fund to meet its current obligations in its initial years. Balances reported between the General Fund and the Community Redevelopment Agency Fund were for the origination of the Community Redevelopment Agency and for transfers to the Downtown Renovations Capital Projects Fund.

CITY OF WINTER GARDEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
for the year ended September 30, 2006

There is no set repayment schedule for the advance payable from the Nonmajor enterprise fund. There are two advances payable from the Community Redevelopment Agency Fund. One has a balance of \$6,209 with one annual installment remaining. The other has a balance of \$807,064 with 34 semi-annual installments remaining.

Interfund transfers:

	Transfer In:			
	Community Redevelopment Agency Fund	New City Hall Fund	Nonmajor Governmental	Total
Transfer out:				
General Fund	\$277,036	\$1,000,000	\$28,327	\$1,305,363
Community Redevelopment Agency Fund	-	-	442,211	442,211
Water and Sewer Utility Fund	-	1,304,234	-	1,304,234
Total transfers out	\$277,036	\$2,304,234	\$470,538	\$3,051,808

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 the New City Hall Fund were for the acquisition and construction of a new city hall. Transfers from the General Funds to nonmajor governmental funds were for a matching contribution to the Law Enforcement Grants Fund. Transfers from the Community Redevelopment Agency Fund to nonmajor governmental funds were for debt service. Transfers from the Water and Sewer Utility Fund to the New City Hall Fund were for the acquisition and construction of a new city hall.

E. Leases

Operating Leases

The City leases vehicles, holiday decorations, and other equipment under noncancelable operating leases. Total costs for such leases were \$178,864 for the year ended September 30, 2006. The future minimum lease payments for these leases are as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2007	\$ 71,110
2008	45,594
2009	19,401
2010	11,958
Total	\$148,063

CITY OF WINTER GARDEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
for the year ended September 30, 2006

Capital Leases

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

The asset acquired through a capital lease is as follows:

	<u>Governmental Activities</u>
Asset:	
Machinery and equipment	\$118,531
Less: Accumulated depreciation	<u>(71,118)</u>
Total	<u><u>\$ 47,413</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2006, were as follows:

	<u>Governmental Activities</u>
<u>Year Ending September 30</u>	
2007	\$24,895
2008	27,158
2009	<u>2,263</u>
Total minimum lease payments	54,316
Less: amount representing interest	<u>(2,985)</u>
Present value of minimum lease payments	<u><u>\$51,331</u></u>

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 were \$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:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
New city hall	4.00%-4.50%	\$12,025,000

CITY OF WINTER GARDEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
for the year ended September 30, 2006

Revenue bond debt service requirements to maturity are as follows:

Year Ending September 30	Principal	Interest
2007	\$ -	\$ -
2008	180,000	545,680
2009	220,000	503,475
2010	230,000	494,125
2011	240,000	484,638
2012-2016	1,345,000	2,271,788
2017-2021	1,635,000	1,980,788
2022-2026	1,990,000	1,618,875
2027-2031	2,455,000	1,155,219
2032-2036	3,040,000	569,531
2037-2041	690,000	31,050
	<u>\$12,025,000</u>	<u>\$9,655,169</u>

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
2007	\$ -	\$97,878
2008	-	195,756
2009	46,737	149,019
2010	75,306	120,450
2011	79,594	116,162
2012-2016	471,351	507,428
2017-2021	621,747	357,032
2022-2026	820,130	158,649
2027-2031	95,205	5,274
	<u>\$2,210,070</u>	<u>\$1,707,648</u>

CITY OF WINTER GARDEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
for the year ended September 30, 2006

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:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Capital improvements	4.93%	\$3,102,866

Revenue note debt service requirements to maturity are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ -	\$ 76,486
2008	387,519	143,419
2009	406,624	123,843
2010	426,670	103,303
2011	447,705	81,749
2012-2016	1,434,348	106,161
	<u>\$3,102,866</u>	<u>\$634,961</u>

Loans

The City has entered into loan agreements with the State of Florida's State Revolving Funds Loan Program to finance the expansion of the City's existing wastewater treatment plant, the construction of a water treatment plant, and the planning, design, and construction of 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, 2006, 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, 2006, interest has accrued in the amount of \$119,173. The City has pledged income derived from the constructed assets to pay debt service. Loans outstanding at year end are as follows:

CITY OF WINTER GARDEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
for the year ended September 30, 2006

Purpose	Interest Rates	Amount
Wastewater treatment pre-construction—Water and Sewer Utility	3.33%	\$ 979,408
Wastewater treatment construction—Water and Sewer Utility	2.82%	10,293,219
Water treatment construction—Water and Sewer Utility	2.67%	1,925,860
Stormwater pollution control planning, design, and construction—Stormwater Utility	2.37%	<u>24,336</u>
Total reimbursements received and outstanding		13,222,823
Accrued interest		<u>119,173</u>
Total amounts outstanding		<u><u>\$13,341,996</u></u>

Loan debt service requirements to maturity are as follows:

Year Ending September 30	Principal	Interest
2007	\$ 541,748	\$ 401,901
2008	594,318	354,382
2009	613,158	338,542
2010	630,631	321,069
2011	643,805	303,104
2012-2016	3,488,046	1,230,189
2017-2021	4,015,654	702,582
2022-2026	<u>2,695,463</u>	<u>135,477</u>
	<u>\$13,222,823</u>	<u>\$4,406,237</u>

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2006, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Revenue bonds	\$ -	\$12,025,000	\$ -	\$12,025,000	\$ -
Intergovernmental agreements	3,922,936	-	(1,712,866)	2,210,070	-
Revenue notes	3,378,426	-	(275,560)	3,102,866	-
Capital leases	74,966	-	(23,635)	51,331	22,831
Compensated absences	314,331	491,580	(443,414)	362,497	101,860
Governmental activity Long-term liabilities	<u>\$ 7,690,659</u>	<u>\$12,516,580</u>	<u>\$(2,455,475)</u>	<u>\$17,751,764</u>	<u>\$124,691</u>

CITY OF WINTER GARDEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
for the year ended September 30, 2006

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities					
Loans	\$13,550,510	\$ -	\$(327,687)	\$13,222,823	\$541,748
Compensated absences	93,288	72,151	(97,756)	67,683	17,341
Business-type activity					
Long-term liabilities	\$13,643,799	\$ 72,151	\$ (425,443)	\$13,290,506	\$559,089

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, 2006 was \$915,000.

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.

CITY OF WINTER GARDEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
for the year ended September 30, 2006

B. Contingent liabilities

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

C. Joint ventures

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

D. Other post-employment benefits

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

As of year end, there were two employees who had retired with twenty years of full-time service that were receiving the 100 percent premium-coverage benefit. There were twenty 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, 2006, the City paid \$59,320 for these benefits.

E. Employee retirement systems and pension plans

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

CITY OF WINTER GARDEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
for the year ended September 30, 2006

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 18.10 percent of annual covered payroll.

Annual pension cost. For 2006, the City’s annual pension cost was \$902,135 and the City’s annual required contribution was \$875,144 for the Pension Plan for General Employees. Actual contributions were \$1,040,329. The required contribution was determined as part of the October 1, 2004 actuarial valuation using the aggregate actuarial cost method. The actuarial assumptions included (a) 7.5 percent investment rate of return (net of administrative expenses), and (b) projected salary increases due to inflation and seniority/merit raises of 4.5 percent per year, compounded annually. The Plan’s unfunded actuarial accrued liability is being amortized using the level dollar method on a closed basis. The remaining amortization period at September 30, 2006 was 22 years.

Net Pension Obligation – NPO:

NPO at September 30, 2005	\$(352,505)
Annual pension cost:	
Annual Required Contribution (ARC)	875,144
Interest credit	(26,438)
Adjustments to ARC	53,429
Total annual pension cost	902,135
Contributions made	(1,040,329)
Change in NPO	(138,194)
NPO at September 30, 2006	\$(490,699)

CITY OF WINTER GARDEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
for the year ended September 30, 2006

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)
9/30/04	\$700,725	103%	\$(280,164)
9/30/05	726,195	110%	(352,505)
9/30/06	902,135	115%	(490,699)

Pension Plan for Firefighters and Police Officers

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

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

Funding policy. The contribution requirements of plan members and the City are established by ordinance and may be amended by the City. Plan members are required to contribute 1.0 percent of their annual covered salary. The City is required to contribute at an actuarially determined rate; the current rate is 20.40 percent of annual covered payroll.

Annual pension cost. For 2006, the City’s annual pension cost was \$888,405 and the City’s annual required contribution was \$851,532, including State Premium Taxes, for the Pension Plan for Firefighters and Police Officers. Actual City contributions were \$849,479, and on-behalf payments of excise tax proceeds from the state were \$283,028. The City recognized revenues and expenditures in the amount of \$292,420 and \$284,529, 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, 2004 actuarial valuation using the aggregate actuarial cost method. The actuarial assumptions included (a) 7.5 percent investment rate of return (net of administrative expenses), and (b) projected salary increases due to inflation and seniority/merit raises of 5.0 percent per year, compounded annually. The Plan’s unfunded actuarial accrued liability is being amortized using the level dollar method on a closed basis. The remaining amortization period at September 30, 2006 was 26 years.

CITY OF WINTER GARDEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
for the year ended September 30, 2006

Net Pension Obligation – NPO:

NPO at September 30, 2005	\$ (714,339)
Annual pension cost:	
Annual Required Contribution (ARC)	851,532
Interest credit	(53,575)
Adjustments to ARC	90,448
Total annual pension cost	888,405
Contributions made	(1,142,943)
Change in NPO	(254,538)
NPO at September 30, 2006	\$ (968,877)

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)
9/30/04	\$632,544	129%	\$(548,480)
9/30/05	772,758	121%	(714,339)
9/30/06	888,405	129%	(968,877)

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, 2006, there were seven 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, 2006 were \$33,035.

CITY OF WINTER GARDEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
for the year ended September 30, 2006

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

¹The 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.

²A 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.

³The 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, 2006 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	\$ 1,656,419	\$ 656,018	\$ 2,312,437
Receivables	357,248	357,159	714,407
Due from other governmental units	-	195,000	195,000
Investments	<u>11,331,315</u>	<u>14,303,019</u>	<u>25,634,334</u>
Total assets	<u>13,344,982</u>	<u>15,511,196</u>	<u>28,856,178</u>
LIABILITIES			
Accounts payable	11,653	6,058	17,711
Deferred revenue	<u>-</u>	<u>195,000</u>	<u>195,000</u>
Total liabilities	<u>11,653</u>	<u>201,058</u>	<u>212,711</u>
NET ASSETS			
Held in trust for pension benefits	<u>\$13,333,329</u>	<u>\$15,310,138</u>	<u>\$28,643,467</u>

CITY OF WINTER GARDEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
for the year ended September 30, 2006

Statement of Changes in Net Assets	General Pension Trust Fund	Fire and Police Pension Trust Fund	Total Pension Trust Funds
ADDITIONS			
Contributions:			
Employer	\$ 1,040,329	\$ 849,479	\$ 1,889,808
Plan members	-	41,593	41,593
Excise tax proceeds	-	292,420	292,420
Total contributions	<u>1,040,329</u>	<u>1,183,492</u>	<u>2,223,821</u>
Investment earnings:			
Interest	257,168	256,072	513,240
Dividends	114,883	215,383	330,266
Net increase in the fair value of investments	111,561	405,251	516,812
Gain on sale of investments	326,316	283,038	609,354
Total investment earnings	<u>809,928</u>	<u>1,159,744</u>	<u>1,969,672</u>
Less investment expense	<u>75,511</u>	<u>77,526</u>	<u>153,037</u>
Net investment earnings	<u>734,417</u>	<u>1,082,218</u>	<u>1,816,635</u>
Total additions	<u>1,774,746</u>	<u>2,265,710</u>	<u>4,040,456</u>
DEDUCTIONS			
Benefits	446,301	537,000	983,301
Refunds	-	2,275	2,275
Administrative	<u>23,326</u>	<u>25,363</u>	<u>48,689</u>
Total deductions	<u>469,627</u>	<u>564,638</u>	<u>1,034,265</u>
Change in net assets	1,305,119	1,701,072	3,006,191
Net assets—beginning	<u>12,028,210</u>	<u>13,609,066</u>	<u>25,637,276</u>
Net assets—ending	<u>\$13,333,329</u>	<u>\$15,310,138</u>	<u>\$28,643,467</u>

CITY OF WINTER GARDEN, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 for the year ended September 30, 2006

Schedules of Funding Progress

Actuarial Valuation Date		Actuarial Value of Assets (a)	Actuarial Liability (AAL)— Entry Age (1) (b)	Unfunded AAL (2) (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
Pension Plan for General Employees							
10/01/00	(3)	\$8,782,589	\$9,325,413	\$ 542,824	94.2%	\$3,325,853	16.3%
10/01/01	(4)	9,251,304	9,121,083	(130,221)	101.4	3,711,087	(3.5)
10/01/02	(5)	9,344,154	8,808,434	(535,720)	106.1	4,265,155	(12.6)
10/01/03	(5)	9,591,486	10,648,253	-	90.1	4,389,139	24.1
10/01/04		10,114,598	11,662,964	-	86.7	4,626,404	33.5
10/01/05		10,843,473	12,735,941	-	85.1	5,593,923	33.8
Pension Plan for Firefighters and Police Officers							
10/01/00	(6)	\$9,671,479	\$9,801,378	\$129,899	98.7%	\$2,183,011	6.0%
10/01/01		9,357,934	9,428,528	70,594	99.3	2,327,968	3.0
10/01/02		9,571,784	9,022,732	(549,052)	106.1	2,412,994	(22.8)
10/01/03		10,187,320	11,673,586	-	87.3	2,879,824	51.6
10/01/04		11,081,532	12,815,689	-	86.5	2,980,775	58.2
10/01/05		12,220,633	14,211,695	-	86.0	3,864,547	51.5

- (1) Based upon Entry Age Normal Cost Method as of 10/1/03
- (2) Remains \$0 under the Aggregate Actuarial Cost Method and funded over future normal costs.
- (3) Before interest rate assumption change.
- (4) After benefit changes adopted September 26, 2002, to be used for funding the fiscal year ending September 30, 2003.
- (5) Change in assumptions/method.
- (6) After amendment.

CITY OF WINTER GARDEN, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 for the year ended September 30, 2006

Pension Plan for General Employees
Schedule of Employer Contributions

Year Ended September 30	Annual Required Contribution	Percentage Contributed
2001	\$233,475	108%
2002	160,305	139
2003	329,019	114
2004	688,394	105
2005	709,594	113
2006	875,144	119

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
2001	\$329,076	110%
2002	303,899	122
2003	486,210	115
2004	618,042	132
2005	744,336	130
2006	851,532	134



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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.

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

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

Debt Service Fund

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

**City of Winter Garden, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2006**

	Law Enforcement Trust Fund	Law Enforcement Grants Fund	Special Local Option Gas Tax Fund
ASSETS			
Cash and cash equivalents	\$ 98,504	\$ -	\$ 500,297
Due from other governmental units	-	1,301	75,325
Total assets	\$ 98,504	\$ 1,301	\$ 575,622
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 64,019
Due to other funds	-	11,815	-
Accrued wages payable	-	853	-
Deferred revenue	-	-	-
Total liabilities	-	12,668	64,019
FUND BALANCES			
Unreserved, undesignated	98,504	(11,367)	511,603
Total fund balances (deficits)	98,504	(11,367)	511,603
Total liabilities and fund balances	\$ 98,504	\$ 1,301	\$ 575,622

Revenue					Total
Heritage Depot Museum Trust Fund	Police and Fire Premium Tax Trust Fund	Total	Debt Service Fund	Total Nonmajor Governmental Funds	
\$ -	\$ -	\$ 598,801	\$ -	\$ 598,801	
-	202,891	279,517	-	279,517	
<u>\$ -</u>	<u>\$ 202,891</u>	<u>\$ 878,318</u>	<u>\$ -</u>	<u>\$ 878,318</u>	
\$ -	\$ -	\$ 64,019	\$ -	\$ 64,019	
-	-	11,815	-	11,815	
-	-	853	-	853	
-	195,000	195,000	-	195,000	
<u>-</u>	<u>195,000</u>	<u>271,687</u>	<u>-</u>	<u>271,687</u>	
-	7,891	606,631	-	606,631	
-	7,891	606,631	-	606,631	
<u>\$ -</u>	<u>\$ 202,891</u>	<u>\$ 878,318</u>	<u>\$ -</u>	<u>\$ 878,318</u>	

City of Winter Garden, Florida
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2006

	Law	Law	Special
	Enforcement	Enforcement	Local Option
	Trust Fund	Grants Fund	Gas Tax Fund
REVENUES			
Intergovernmental	\$ -	\$ 33,000	\$ 851,249
Fines and forfeits	89,605	-	-
Investment earnings	4,809	82	35,154
Total revenues	<u>94,414</u>	<u>33,082</u>	<u>886,403</u>
EXPENDITURES			
Current:			
Public safety	19,529	82,513	-
Transportation	-	-	1,251,739
Culture and recreation	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>19,529</u>	<u>82,513</u>	<u>1,251,739</u>
Excess (deficiency) of revenues over (under) expenditures	<u>74,885</u>	<u>(49,431)</u>	<u>(365,336)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	28,327	-
Total other financing sources and (uses)	<u>-</u>	<u>28,327</u>	<u>-</u>
Net change in fund balances	74,885	(21,104)	(365,336)
Fund balances—beginning	<u>23,619</u>	<u>9,737</u>	<u>876,939</u>
Fund balances (deficits)—ending	<u>\$ 98,504</u>	<u>\$ (11,367)</u>	<u>\$ 511,603</u>

Revenue			Total Nonmajor Governmental Funds		
Heritage Depot Museum Trust Fund	Police and Fire Premium Tax Trust Fund	Total	Debt Service Fund	Total Nonmajor Governmental Funds	
\$ -	\$ 292,420	\$ 1,176,669	\$ -	\$ 1,176,669	
-	-	89,605	-	89,605	
16	-	40,061	-	40,061	
16	292,420	1,306,335	-	1,306,335	
-	284,529	386,571	-	386,571	
-	-	1,251,739	-	1,251,739	
680	-	680	-	680	
-	-	-	275,560	275,560	
-	-	-	166,651	166,651	
680	284,529	1,638,990	442,211	2,081,201	
(664)	7,891	(332,655)	(442,211)	(774,866)	
-	-	28,327	442,211	470,538	
-	-	28,327	442,211	470,538	
(664)	7,891	(304,328)	-	(304,328)	
664	-	910,959	-	910,959	
\$ -	\$ 7,891	\$ 606,631	\$ -	\$ 606,631	

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, 2006

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Fines and forfeits	\$ 88,028	\$ 89,605	\$ 1,577
Investment earnings	<u>4,150</u>	<u>4,809</u>	<u>659</u>
Total revenues	<u>92,178</u>	<u>94,414</u>	<u>2,236</u>
EXPENDITURES			
Current:			
Public safety:			
Law enforcement	<u>96,837</u>	<u>19,529</u>	<u>77,308</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,659)</u>	<u>74,885</u>	<u>79,544</u>
Fund balances—beginning	<u>23,619</u>	<u>23,619</u>	<u>-</u>
Fund balances—ending	<u><u>\$ 18,960</u></u>	<u><u>\$ 98,504</u></u>	<u><u>\$ 79,544</u></u>

City of Winter Garden, Florida
Law Enforcement Grants Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
For the Year Ended September 30, 2006

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Intergovernmental	\$ 33,000	\$ 33,000	\$ -
Investment earnings	<u>-</u>	<u>82</u>	<u>82</u>
Total revenues	<u>33,000</u>	<u>33,082</u>	<u>82</u>
EXPENDITURES			
Current:			
Public safety:			
Law enforcement	<u>61,327</u>	<u>82,513</u>	<u>(21,186)</u>
(Deficiency) of revenues (under) expenditures	<u>(28,327)</u>	<u>(49,431)</u>	<u>(21,104)</u>
OTHER FINANCING SOURCES			
Transfers in	<u>28,327</u>	<u>28,327</u>	<u>-</u>
Net change in fund balances	-	(21,104)	(21,104)
Fund balances—beginning	<u>9,737</u>	<u>9,737</u>	<u>-</u>
Fund balances (deficits)—ending	<u>\$ 9,737</u>	<u>\$ (11,367)</u>	<u>\$ (21,104)</u>

City of Winter Garden, Florida
Local Option Gas Tax Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
For the Year Ended September 30, 2006

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Intergovernmental	\$ 862,028	\$ 851,249	\$ (10,779)
Investment earnings	<u>40,000</u>	<u>35,154</u>	<u>(4,846)</u>
Total revenues	<u>902,028</u>	<u>886,403</u>	<u>(15,625)</u>
EXPENDITURES			
Current:			
Transportation:			
Construction and maintenance	<u>1,467,119</u>	<u>1,251,739</u>	<u>215,380</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(565,091)</u>	<u>(365,336)</u>	<u>199,755</u>
Net change in fund balances	(565,091)	(365,336)	199,755
Fund balances—beginning	<u>876,939</u>	<u>876,939</u>	<u>-</u>
Fund balances—ending	<u>\$ 311,848</u>	<u>\$ 511,603</u>	<u>\$ 199,755</u>

City of Winter Garden, Florida
Heritage Depot Museum Trust Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
For the Year Ended September 30, 2006

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment earnings	\$ 12	\$ 16	\$ 4
Total revenues	<u>12</u>	<u>16</u>	<u>4</u>
EXPENDITURES			
Current:			
Culture and recreation	<u>700</u>	<u>680</u>	<u>20</u>
Net change in fund balances	(688)	(664)	24
Fund balances—beginning	<u>664</u>	<u>664</u>	<u>-</u>
Fund balances (deficits)—ending	<u>\$ (24)</u>	<u>\$ -</u>	<u>\$ 24</u>

City of Winter Garden, Florida
Police and Fire Premium Tax Trust Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
For the Year Ended September 30, 2006

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Intergovernmental	\$ 230,000	\$ 292,420	\$ 62,420
Total revenues	<u>230,000</u>	<u>292,420</u>	<u>62,420</u>
EXPENDITURES			
Current:			
Public safety:			
Law enforcement	150,000	192,239	(42,239)
Fire control	<u>80,000</u>	<u>92,290</u>	<u>(12,290)</u>
Total public safety	<u>230,000</u>	<u>284,529</u>	<u>(54,529)</u>
Excess of revenues over expenditures	<u>-</u>	<u>7,891</u>	<u>7,891</u>
Net change in fund balances	-	7,891	7,891
Fund balances—beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances—ending	<u>\$ -</u>	<u>\$ 7,891</u>	<u>\$ 7,891</u>

City of Winter Garden, Florida
Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
For the Year Ended September 30, 2006

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
EXPENDITURES			
Debt service:			
Principal	275,655	275,560	95
Interest	<u>166,556</u>	<u>166,651</u>	<u>(95)</u>
Total expenditures	<u>442,211</u>	<u>442,211</u>	<u>-</u>
(Deficiency) of revenues (under) expenditures	<u>(442,211)</u>	<u>(442,211)</u>	<u>-</u>
OTHER FINANCING SOURCES			
Transfers in	<u>442,211</u>	<u>442,211</u>	<u>-</u>
Net change in fund balances	-	-	-
Fund balances—beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances—ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



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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, 2006

	<u>Stormwater Utility</u>	<u>Trailer City</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 301,484	\$ 108,976	\$ 410,460
Accounts receivable (net of allowance for uncollectibles)	<u>85,273</u>	<u>309</u>	<u>85,582</u>
Total current assets	<u>386,757</u>	<u>109,285</u>	<u>496,042</u>
Noncurrent assets:			
Capital assets:			
Land	-	63,300	63,300
Buildings	-	54,587	54,587
Improvements other than buildings	1,750,034	116,178	1,866,212
Equipment and furniture	437,390	32,336	469,726
Infrastructure	1,388,244	34,555	1,422,799
Construction work in progress	374,662	-	374,662
Less accumulated depreciation	<u>(945,221)</u>	<u>(92,588)</u>	<u>(1,037,809)</u>
Total capital assets (net of accumulated depreciation)	<u>3,005,109</u>	<u>208,368</u>	<u>3,213,477</u>
Total assets	<u>3,391,866</u>	<u>317,653</u>	<u>3,709,519</u>
LIABILITIES			
Current liabilities:			
Accounts payable	204,240	939	205,179
Contracts payable	16,602	-	16,602
Compensated absences	1,168	-	1,168
Accrued interest payable	797	-	797
Accrued wages payable	3,233	1,104	4,337
Deferred revenue	<u>-</u>	<u>5,269</u>	<u>5,269</u>
Total current liabilities	<u>226,040</u>	<u>7,312</u>	<u>233,352</u>
Noncurrent liabilities:			
Notes and loans payable	24,336	-	24,336
Compensated absences	3,253	3,606	6,859
Advances from other funds	<u>594,021</u>	<u>-</u>	<u>594,021</u>
Total noncurrent liabilities	<u>621,610</u>	<u>3,606</u>	<u>625,216</u>
Total liabilities	<u>847,650</u>	<u>10,918</u>	<u>858,568</u>
NET ASSETS			
Invested in capital assets, net of related debt	2,979,976	208,368	3,188,344
Unrestricted	<u>(435,760)</u>	<u>98,367</u>	<u>(337,393)</u>
Total net assets	<u>\$ 2,544,216</u>	<u>\$ 306,735</u>	<u>\$ 2,850,951</u>

City of Winter Garden, Florida
Combining Statement of Revenues, Expenses, and Changes
in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended September 30, 2006

	<u>Stormwater Utility</u>	<u>Trailer City</u>	<u>Totals</u>
Operating revenues:			
Charges for services	\$ 855,282	\$ -	\$ 855,282
Other	<u>-</u>	<u>186,377</u>	<u>186,377</u>
Total operating revenues	<u>855,282</u>	<u>186,377</u>	<u>1,041,659</u>
Operating expenses:			
Personal services	256,292	112,392	368,684
Contractual services	18,537	8,732	27,269
Utilities	3,124	8,085	11,209
Supplies	21,103	2,278	23,381
Depreciation	165,070	15,023	180,093
Other services and charges	<u>176,413</u>	<u>67,893</u>	<u>244,306</u>
Total operating expenses	<u>640,539</u>	<u>214,403</u>	<u>854,942</u>
Operating income (loss)	<u>214,743</u>	<u>(28,026)</u>	<u>186,717</u>
Nonoperating revenues (expenses):			
Investment earnings	16,857	4,739	21,596
Gain on sale of capital assets	-	200	200
Interest expense	<u>(582)</u>	<u>-</u>	<u>(582)</u>
Total nonoperating revenues (expenses)	<u>16,275</u>	<u>4,939</u>	<u>21,214</u>
Change in net assets	231,018	(23,087)	207,931
Total net assets—beginning	<u>2,313,198</u>	<u>329,822</u>	<u>2,643,020</u>
Total net assets—ending	<u>\$ 2,544,216</u>	<u>\$ 306,735</u>	<u>\$ 2,850,951</u>

City of Winter Garden, Florida
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended September 30, 2006

	<u>Stormwater Utility</u>	<u>Trailer City</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 833,565	\$ 196,141	\$ 1,029,706
Payments to suppliers	(34,151)	(88,246)	(122,397)
Payments to employees	<u>(255,427)</u>	<u>(111,872)</u>	<u>(367,299)</u>
Net cash provided (used) by operating activities	<u>543,987</u>	<u>(3,977)</u>	<u>540,010</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(580,238)	-	(580,238)
Proceeds from sales of capital assets	<u>-</u>	<u>200</u>	<u>200</u>
Net cash provided (used) by capital and related financing activities	<u>(580,238)</u>	<u>200</u>	<u>(580,038)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	<u>16,857</u>	<u>4,739</u>	<u>21,596</u>
Net cash provided by investing activities	<u>16,857</u>	<u>4,739</u>	<u>21,596</u>
Net increase (decrease) in cash and equivalents	(19,394)	962	(18,432)
Cash and cash equivalents, October 1	<u>320,878</u>	<u>108,014</u>	<u>428,892</u>
Cash and cash equivalents, September 30	<u>\$ 301,484</u>	<u>\$ 108,976</u>	<u>\$ 410,460</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 214,743	\$ (28,026)	\$ 186,717
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	165,070	15,023	180,093
Decrease (increase) in accounts receivable	(23,587)	11,070	(12,517)
Increase (decrease) in allowance for uncollectible accounts	1,870	(3,121)	(1,251)
Decrease in inventories--materials and supplies	5,491	-	5,491
Increase (decrease) in accounts payable	179,535	(1,258)	178,277
Increase in accrued wages payable	579	512	1,091
(Decrease) in deferred revenue	-	1,815	1,815
Increase in compensated absences payable	<u>286</u>	<u>8</u>	<u>294</u>
Total adjustments	<u>329,244</u>	<u>24,049</u>	<u>353,293</u>
Net cash provided (used) by operating activities	<u>\$ 543,987</u>	<u>\$ (3,977)</u>	<u>\$ 540,010</u>



STATISTICAL SECTION





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

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Governmental activities	Data is not available for years 1997 to 2002			
Invested in capital assets, net of related debt				
Restricted				
Unrestricted				
Total governmental activities net assets				
Business-type activities				
Invested in capital assets, net of related debt				
Restricted				
Unrestricted				
Total business-type activities net assets				
Primary government	Data is not available for years 1997 to 2002			
Invested in capital assets, net of related debt				
Restricted				
Unrestricted				
Total primary government net assets				

Fiscal Year

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
		\$ 16,025,215	\$ 20,098,672	\$ 23,447,882	\$ 34,495,162
		7,675,631	8,875,461	8,036,244	22,822,073
		<u>7,446,446</u>	<u>9,638,873</u>	<u>14,214,099</u>	<u>12,189,529</u>
		<u>\$ 31,147,292</u>	<u>\$ 38,613,006</u>	<u>\$ 45,698,225</u>	<u>\$ 69,506,764</u>
		\$ 26,182,160	\$ 24,490,427	\$ 26,238,677	\$ 29,848,390
		8,866,950	6,726,971	11,186,375	13,230,076
		<u>10,266,710</u>	<u>20,333,080</u>	<u>22,608,146</u>	<u>20,011,017</u>
		<u>\$ 45,315,820</u>	<u>\$ 51,550,478</u>	<u>\$ 60,033,198</u>	<u>\$ 63,089,483</u>
		\$ 42,207,375	\$ 44,589,099	\$ 49,686,559	\$ 64,343,552
		16,542,581	15,602,432	19,222,619	36,052,149
		<u>17,713,156</u>	<u>29,971,953</u>	<u>36,822,245</u>	<u>32,200,546</u>
		<u>\$ 76,463,112</u>	<u>\$ 90,163,484</u>	<u>\$ 105,731,423</u>	<u>\$ 132,596,247</u>

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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Expenses										
Governmental activities:										
General government							\$ 1,723,324	\$ 1,713,712	\$ 2,095,732	2,565,945
Public safety							5,779,190	7,152,781	8,786,447	9,998,835
Physical environment							458,625	542,696	535,512	850,605
Transportation							1,724,625	2,038,644	2,258,355	2,302,093
Economic environment							84,710	149,425	158,183	214,813
Public assistance							653,862	391,384	88,871	88,909
Culture and recreation							1,937,778	1,873,007	1,766,330	2,082,868
Interest and long-term debt							594,557	644,748	494,844	424,215
Total government activities expenses							<u>12,956,671</u>	<u>14,506,397</u>	<u>16,184,274</u>	<u>18,528,283</u>
Business-type activities:										
Water and Sewer							4,934,858	5,852,648	6,975,769	9,404,856
Sanitation							2,122,438	2,449,158	2,673,105	3,140,333
Stormwater							379,743	350,936	497,173	641,121
Residential mobile home lot rentals							199,123	184,199	275,438	214,403
Total business-type activities expenses							<u>7,636,162</u>	<u>8,836,941</u>	<u>10,421,485</u>	<u>13,400,713</u>
Total primary government expenses							<u>\$ 20,592,833</u>	<u>\$ 23,343,338</u>	<u>\$ 26,605,759</u>	<u>\$ 31,928,996</u>
Program Revenues										
Charges for services:										
General government							\$ 264,050	\$ 674,970	\$ 608,267	\$ 522,068
Public safety							1,717,290	2,616,511	2,168,160	3,015,971
Transportation							-	346,157	744,528	701,585
Other activities							309,161	298,133	345,812	411,549
Operating grants and contributions							640,597	1,716,165	1,456,767	1,549,023
Capital grants and contributions							3,967,578	5,337,203	5,374,448	19,154,514
Total government activities program revenues							<u>6,898,676</u>	<u>10,989,139</u>	<u>10,697,982</u>	<u>25,354,710</u>
Business-type activities:										
Charges for services:										
Water and Sewer							5,617,145	6,732,207	7,898,591	8,220,991
Sanitation							2,200,544	2,317,124	2,550,085	2,925,319
Stormwater							497,345	558,857	706,782	855,282
Residential mobile home lot rentals							248,423	235,938	253,075	186,377
Operating grants and contributions							-	197,359	(12,912)	23,259
Capital grants and contributions							5,354,065	4,958,553	7,338,743	5,144,437
Total business-type activities program revenues							<u>13,917,522</u>	<u>15,000,038</u>	<u>18,734,364</u>	<u>17,355,665</u>
Total primary government program revenues							<u>\$ 20,816,198</u>	<u>\$ 25,989,177</u>	<u>\$ 29,432,346</u>	<u>\$ 42,710,375</u>
Net (expense)/revenue							\$ (6,057,995)	\$ (3,517,258)	\$ (5,486,292)	\$ 6,826,427
Governmental activities							6,281,360	6,163,097	8,312,879	3,954,952
Business-type activities:							223,365	2,645,839	2,826,587	10,781,379
Total primary government net expense										

96 Data is not available for years 1997 to 2002

Fiscal Year

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Ad Valorem							\$ 3,098,149	\$ 3,770,795	\$ 4,507,982	\$ 5,777,996
Franchise taxes							903,925	1,008,447	1,191,851	1,563,590
Utility taxes							1,480,323	1,571,435	1,798,561	2,138,583
Communication services							855,324	925,309	1,055,864	1,214,940
Licenses and permits							514,603	-	-	-
Intergovernmental							3,562,921	3,105,896	3,801,533	4,185,961
Investment earnings							269,759	166,875	266,479	706,182
Gain (loss) on sale of capital assets							(41,930)	239,065	13,099	-
Miscellaneous							79,426	133,169	82,622	90,626
Transfers							64,310	61,981	(146,480)	1,304,234
Total governmental activities							<u>10,786,810</u>	<u>10,982,972</u>	<u>12,571,511</u>	<u>16,982,112</u>
Business-type activities:										
Investment earnings							159,094	122,842	142,967	385,411
Gain (loss) on sale of capital assets							40,000	10,700	(119,606)	20,156
Transfers							(64,310)	(61,981)	146,480	(1,304,234)
Total business-type activities							<u>134,784</u>	<u>71,561</u>	<u>169,841</u>	<u>(898,667)</u>
Total primary government							<u>\$ 10,921,594</u>	<u>\$ 11,054,533</u>	<u>\$ 12,741,352</u>	<u>\$ 16,083,445</u>
Changes in Net Assets										
Governmental activities							\$ 4,728,815	\$ 7,465,714	\$ 7,085,219	\$ 23,808,539
Business-type activities							6,416,144	6,234,658	8,482,720	3,056,285
Total primary government							<u>\$ 11,144,959</u>	<u>\$ 13,700,372</u>	<u>\$ 15,567,939</u>	<u>\$ 26,864,824</u>

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

Fiscal Year	Ad Valorem	Sales Tax	Franchise Fees	Utility Services
1997	\$ 1,338,161	\$ -	\$ 564,844	\$ 963,256
1998	1,451,540	-	618,227	1,051,765
1999	1,576,897	-	654,488	1,100,470
2000	1,737,378	-	712,040	1,196,001
2001	1,961,339	-	889,590	1,414,148
2002	2,456,306	-	864,047	1,297,581 ¹
2003	3,098,149	-	903,925	1,480,323
2004	3,770,795	-	1,008,447	1,571,435
2005	4,507,982	-	1,191,851	1,798,561
2006	5,777,996	-	1,563,590	2,138,583

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

Communications Services	Fuel Tax	Alcoholic Beverage Tax	Total
\$ -	\$ -	\$ -	\$ 2,866,261
-	-	-	3,121,532
-	-	-	3,331,855
-	-	-	3,645,419
-	-	-	4,265,077
756,005 ¹	-	-	5,373,939
855,324	-	-	6,337,721
925,309	-	-	7,275,986
1,055,864	-	-	8,554,258
1,214,940	-	-	10,695,109

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

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
General fund				
Reserved	\$ 567,856	\$ 524,200	\$ 471,605	\$ 453,496
Unreserved	<u>2,722,302</u>	<u>2,710,206</u>	<u>3,245,440</u>	<u>4,968,084</u>
Total general fund	<u>\$ 3,290,158</u>	<u>\$ 3,234,406</u>	<u>\$ 3,717,045</u>	<u>\$ 5,421,580</u>
All other governmental funds				
Reserved	\$ 2,018,343	\$ 2,713,905	\$ 2,054,959	\$ 4,336,123
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 2,018,343</u>	<u>\$ 2,713,905</u>	<u>\$ 2,054,959</u>	<u>\$ 4,336,123</u>

Fiscal Year					
<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$ 1,775,166	\$ 1,739,842	\$ 2,361,289	\$ 2,149,535	\$ 2,108,976	\$ 2,137,040
<u>5,228,703</u>	<u>6,180,327</u>	<u>5,244,645</u>	<u>7,492,876</u>	<u>9,086,094</u>	<u>9,621,567</u>
<u>\$ 7,003,869</u>	<u>\$ 7,920,169</u>	<u>\$ 7,605,934</u>	<u>\$ 9,642,411</u>	<u>\$ 11,195,070</u>	<u>\$ 11,758,607</u>
\$ 7,877,255	\$ 7,879,740	\$ 174,404	\$ 60,572	\$ 453,776	\$ 6,685,770
-	(893,765)	6,642,164	7,930,656	9,995,418	15,731,030
-	-	291,499	285,039	-	12,959,202
<u>\$ 7,877,255</u>	<u>\$ 6,985,975</u>	<u>\$ 7,108,067</u>	<u>\$ 8,276,267</u>	<u>\$ 10,449,194</u>	<u>\$ 35,376,002</u>

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

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Revenues				
Taxes	\$ 2,866,261	\$ 3,121,532	\$ 3,331,855	\$ 3,645,419
Licenses and permits	451,927	600,458	681,940	1,271,089
Intergovernmental	2,518,791	2,776,337	2,849,026	3,232,655
Charges for services	107,884	95,174	121,373	436,323
Fines and forfeits	197,077	171,365	228,951	329,968
Investment earnings	278,879	440,378	243,342	504,011
Rents and royalties	44,431	63,843	94,184	102,216
Impact fees	425,429	531,754	668,350	2,012,190
Contributions and donations	-	-	-	-
Miscellaneous	356,705	587,486	535,747	678,804
Total revenues	<u>7,247,384</u>	<u>8,388,327</u>	<u>8,754,768</u>	<u>12,212,675</u>
Expenditures				
General government	1,001,724	927,804	1,109,730	1,259,904
Public safety	3,157,830	3,728,107	3,486,117	4,337,820
Physical environment	340,393	364,314	369,346	457,576
Transportation	1,037,137	1,493,296	2,589,391	1,754,786
Economic environment	1,671	4,468	85,412	74,333
Public assistance	20,580	17,192	14,896	14,196
Culture and recreation	1,178,782	1,392,813	1,048,323	1,041,353
Debt Service	246,981	144,810	415,238	396,427
Total expenditures	<u>6,985,098</u>	<u>8,072,804</u>	<u>9,118,453</u>	<u>9,336,395</u>
Excess of revenues over (under) expenditures	262,286	315,523	(363,685)	2,876,280
Other financing sources (uses)				
Transfers in	495,852	592,058	1,129,678	727,719
Transfers out	(380,210)	(466,722)	(1,063,104)	(831,754)
Sale of capital assets	-	-	51,000	905,000
Debt proceeds	73,735	288,533	66,814	19,327
Total other financing sources (uses)	<u>189,377</u>	<u>413,869</u>	<u>184,388</u>	<u>820,292</u>
Net change in fund balances	<u>\$ 451,663</u>	<u>\$ 729,392</u>	<u>\$ (179,297)</u>	<u>\$ 3,696,572</u>
Debt service as a percentage of noncapital expenditures	3.5%	1.8%	4.6%	4.2%

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

Fiscal Year					
<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$ 4,265,077	\$ 5,373,939	\$ 6,337,721	\$ 7,275,986	\$ 8,554,258	\$ 10,695,109
1,253,702	1,728,142	1,888,809	2,770,604	2,827,208	3,305,453
3,421,630	3,374,757	4,752,209	5,291,960	5,819,142	5,866,003
82,973	81,232	1,275,651	1,635,726	1,801,451	2,955,962
368,315	213,470	236,761	246,132	248,986	391,774
708,842	688,298	410,488	262,405	409,339	1,365,403
120,813	135,228	133,972	128,048	144,304	152,813
1,514,295	2,249,181	3,051,048	4,294,620	4,738,914	8,374,862
-	-	88,680	72,427	38,895	9,961,672
<u>886,237</u>	<u>1,059,504</u>	<u>79,426</u>	<u>133,169</u>	<u>82,622</u>	<u>90,781</u>
<u>12,621,884</u>	<u>14,903,751</u>	<u>18,254,765</u>	<u>22,111,077</u>	<u>24,665,119</u>	<u>43,159,832</u>
1,480,434	2,286,599	3,325,686	2,336,743	2,905,301	4,481,830
4,626,435	5,486,185	6,180,979	7,024,451	9,301,897	10,575,014
411,689	489,171	626,594	780,387	820,150	1,258,938
6,535,475	3,202,055	4,791,484	3,563,224	3,881,560	7,553,859
1,134,956	180,904	93,696	131,623	(32,137)	805,516
14,140	14,112	653,862	391,384	88,871	88,909
1,064,600	1,411,558	2,048,901	1,861,015	1,839,973	2,310,870
<u>443,418</u>	<u>644,083</u>	<u>529,998</u>	<u>3,440,947</u>	<u>1,998,861</u>	<u>2,560,912</u>
<u>15,711,147</u>	<u>13,714,667</u>	<u>18,251,200</u>	<u>19,529,774</u>	<u>20,804,476</u>	<u>29,635,848</u>
(3,089,263)	1,189,084	3,565	2,581,303	3,860,643	13,523,984
1,080,877	1,136,368	1,057,204	1,433,414	1,396,357	747,574
(800,087)	(1,060,670)	(2,192,894)	(1,250,640)	(1,259,474)	(1,747,574)
9,176	-	1,106,080	247,544	13,099	7,160
<u>8,299,327</u>	<u>997,039</u>	<u>1,230,083</u>	<u>118,531</u>	<u>-</u>	<u>-</u>
<u>8,589,293</u>	<u>1,072,737</u>	<u>1,200,473</u>	<u>548,849</u>	<u>149,982</u>	<u>(992,840)</u>
<u>\$ 5,500,030</u>	<u>\$ 2,261,821</u>	<u>\$ 1,204,038</u>	<u>\$ 3,130,152</u>	<u>\$ 4,010,625</u>	<u>\$ 12,531,144</u>
2.8%	4.7%	2.9%	17.6%	9.6%	8.6%

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

Fiscal Year	Ad Valorem	Sales Tax	Franchise Fees	Utility Services
1997	\$ 1,338,161	\$ -	\$ 564,844	\$ 963,256
1998	1,451,540	-	618,227	1,051,765
1999	1,576,897	-	654,488	1,100,470
2000	1,737,378	-	712,040	1,196,001
2001	1,961,339	-	889,590	1,414,148
2002	2,456,306	-	864,047	1,297,581 ¹
2003	3,098,149	-	903,925	1,480,323
2004	3,770,795	-	1,008,447	1,571,435
2005	4,507,982	-	1,191,851	1,798,561
2006	5,777,996	-	1,563,590	2,138,583

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

Communications Services	Fuel Tax	Alcoholic Beverage Tax	Total
\$ -	\$ -	\$ -	\$ 2,866,261
-	-	-	3,121,532
-	-	-	3,331,855
-	-	-	3,645,419
-	-	-	4,265,077
756,005 ¹	-	-	5,373,939
855,324	-	-	6,337,721
925,309	-	-	7,275,986
1,055,864	-	-	8,554,258
1,214,940	-	-	10,695,109

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

<u>Fiscal Year Ended September 30</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Less Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
1997	\$ 394,272,960	\$ 81,088,819	\$ 129,236,799	\$ 346,124,980	\$ 4.304	\$ 475,361,779	72.81%
1998	430,402,505	77,966,461	136,518,746	371,850,220	4.304	508,368,966	73.15%
1999	475,712,432	74,501,339	140,839,800	409,373,971	4.304	550,213,771	74.40%
2000	548,155,187	74,421,403	150,280,206	472,296,384	4.304	622,576,590	75.86%
2001	687,911,009	87,361,064	182,532,322	592,739,751	4.304	775,272,073	76.46%
2002	872,639,284	104,061,370	229,050,652	747,650,002	4.304	976,700,654	76.55%
2003	1,036,271,956	133,126,163	261,279,230	908,118,889	4.304	1,169,398,119	77.66%
2004	1,264,462,015	126,634,722	306,664,368	1,084,432,369	4.304	1,391,096,737	77.96%
2005	1,658,489,839	121,482,460	388,305,142	1,391,667,157	4.304	1,779,972,299	78.18%
2006	2,507,435,607	153,446,526	662,295,114	1,998,587,019	4.304	2,660,882,133	75.11%

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)

Fiscal Year	City of Winter Garden Millage	Overlapping Rates					Total Direct & Overlapping Rates
		County Millage	School District Millage	Library Millage	St. Johns River Water Mgmt. District Millage	Health Central (WOHD) Millage	
1997	4.304	5.2889	9.177	0.4412	0.482	0.4000	20.0931
1998	4.304	5.2889	9.077	0.4412	0.482	0.3500	19.9431
1999	4.304	5.2889	9.042	0.4412	0.482	0.3300	19.8881
2000	4.304	5.2264	8.612	0.4412	0.482	0.3221	19.3877
2001	4.304	5.1639	8.577	0.4412	0.472	-	18.9581
2002	4.304	5.1639	8.432	0.4383	0.462	-	18.8002
2003	4.304	5.1639	7.878	0.4371	0.462	-	18.2450
2004	4.304	5.1639	7.888	0.4365	0.462	-	18.2544
2005	4.304	5.1639	7.540	0.4352	0.462	-	17.9051
2006	4.304	5.1639	7.169	0.4352	0.462	-	17.5341

Source: Orange County Property Appraiser's Office

**City of Winter Garden, Florida
Principal Property Taxpayers
September 30, 2006**

<u>Taxpayer</u>	<u>2006</u>			<u>1997</u>		
	<u>Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
Lennar Homes Inc	\$ 11,805,915	1	0.59%	Data is not available for 1997		
Stoneybrook Joint Venture	11,561,017	2	0.58%			
West Point Commons LLC	9,755,504	3	0.49%			
West Pointe Villas LTD	9,700,385	4	0.49%			
Castle & Cooke Florida LTD	9,208,792	5	0.46%			
BRH Berkshire West LLC	9,152,363	6	0.46%			
Gar Shing Realty Corp	8,549,310	7	0.43%			
Hyde Park Communities	7,408,061	8	0.37%			
Manheim Remarketing L P	7,156,290	9	0.36%			
Amera Winter Garden LTD	<u>6,529,396</u>	10	<u>0.33%</u>			
Totals	<u>\$ 90,827,033</u>		<u>4.54%</u>			

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
1997	\$ 1,374,201	\$ 1,327,843	96.6%	\$ 10,318	\$ 1,338,161	97.4%
1998	1,490,983	1,429,492	95.9%	22,048	1,451,540	97.4%
1999	1,594,893	1,542,115	96.7%	34,782	1,576,897	98.9%
2000	1,770,095	1,695,184	95.8%	42,194	1,737,378	98.2%
2001	2,010,626	1,955,582	97.3%	5,757	1,961,339	97.5%
2002	2,543,932	2,454,253	96.5%	2,053	2,456,306	96.6%
2003	3,237,109	3,095,033	95.6%	3,116	3,098,149	95.7%
2004	3,916,343	3,757,140	95.9%	13,655	3,770,795	96.3%
2005	4,660,805	4,493,292	96.4%	14,690	4,507,982	96.7%
2006	5,923,244	5,770,757	97.4%	7,239	5,777,996	97.5%

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

Fiscal Year	Governmental Activities				Business-Type Activities		
	Revenue Bonds	Revenue Notes	Agreements	Capital Leases	Water/Sewer Bonds	Mortgages	Loans
1997	\$ 955,000	\$ -	\$ -	\$ 82,218	\$ 1,078,000	\$ 101,769	\$ -
1998	875,000	-	-	480,070	960,000	69,803	-
1999	941,814	-	-	-	976,186	35,917	-
2000	1,529,045	-	-	-	819,299	-	-
2001	1,154,657	3,700,000	4,599,327	-	650,682	-	184,400
2002	763,489	3,700,000	5,596,366	-	76,971	-	194,633
2003	474,646	3,700,000	6,826,450	-	52,165	-	4,613,604
2004	173,370	3,551,479	5,177,551	97,344	26,630	-	12,564,778
2005	-	3,378,426	3,922,936	74,966	-	-	13,550,510
2006	12,025,000	3,102,866	2,210,070	51,331	-	-	13,222,822

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

¹See the schedule of Demographic and Economic Statistics for personal income and population data.

Total Primary Government	Percentage of Personal Income	Per Capita¹
\$ 2,216,987	1.00%	\$ 169
2,384,873	1.03%	177
1,953,917	0.80%	141
2,348,344	0.92%	165
10,289,066	3.47%	639
10,331,459	2.97%	565
15,666,865	3.85%	769
21,591,152	4.63%	971
20,926,838	3.87%	850
30,612,089	4.66%	1,076

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 Value¹ of Property	Per Capita²
1997	\$ -	\$ -	\$ -	-	\$ -
1998	-	-	-	-	-
1999	-	-	-	-	-
2000	-	-	-	-	-
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-

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

¹See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

²Population 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, 2006

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: County	\$ -	2.2%	\$ -
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.

¹The 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 boundaries and dividing it by the County's total taxable assessed value.

**City of Winter Garden, Florida
Legal Debt Margin Information
September 30, 2006**

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**

<u>Year</u>	<u>Charges</u> ¹	Less:	<u>Net Available</u>	<u>Debt Service</u>		<u>Coverage</u>
		<u>Operating</u>		<u>Revenue</u>	<u>Principal</u>	
		<u>Expenses</u> ²				
1997	2,922,535	2,002,051	920,484	113,000	65,250	5.16
1998	3,215,578	2,110,348	1,105,230	118,000	58,600	6.26
1999	3,302,282	2,251,908	1,050,374	129,000	51,650	5.81
2000	3,866,695	2,376,380	1,490,315	135,000	44,050	8.32
2001	4,968,544	2,823,265	2,145,279	146,000	36,100	11.78
2002	5,784,679	3,227,291	2,557,388	16,000	27,500	58.79
2003	5,799,376	3,809,422	1,989,954	-	-	N/A
2004	6,974,607	4,658,418	2,316,189	-	-	N/A
2005	7,928,757	5,568,578	2,360,179	-	-	N/A
2006	8,747,495	7,264,721	1,482,774	-	-	N/A

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

¹Total revenues exclusive of impact fees and investment earnings thereon

²Total operating expenses exclusive of depreciation

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

Fiscal Year	Population ¹		Personal Income ²		Labor Force (Countywide) ³			Unemployment Rate ⁴
	City of	Orange	City of Winter Garden		Civilian	Employed	Unemployed	
	Winter Garden	County	Annual Income	Per Capita	Labor Force			
1997	13,118	803,614	\$ 221,114,483	\$ 16,856	461,760	445,606	16,154	3.5
1998	13,485	824,095	231,939,352	17,200	476,040	461,273	14,767	3.1
1999	13,863	846,328	243,307,018	17,551	494,103	480,662	13,441	2.7
2000	14,251	896,344	255,221,159	17,909	519,131	505,459	13,672	2.6
2001	16,097	930,034	296,929,608	18,446	506,910	484,146	22,764	4.5
2002	18,301	955,865	347,712,743	19,000	511,641	485,262	26,379	5.2
2003	20,378	980,195	406,533,784	19,950	538,962	511,926	27,036	5.0
2004	22,242	1,013,937	465,905,911	20,947	569,814	544,606	25,208	4.4
2005	24,610	1,043,437	541,284,133	21,994	560,375	540,809	19,566	3.5
2006	28,440	1,079,524	656,799,138	23,094	586,102	568,257	17,845	3.0

¹Source: University of Florida, Bureau of Economics and Business Research

²Source: Metro Orlando Economic Development Commission (2000),

Note: Per capita income information is not available for the years 1997-1999, 2001-2006; amounts shown are estimated.

³Source: Florida Department of Labor and Employment Security (1997-2002)

Florida Agency for Workforce Innovation (2003-2006)

⁴Countywide

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

<u>Employer</u>	<u>Location</u>	<u>2006</u>		<u>1997</u>	
		<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Orange County Public Schools	Various	660	1	Data is not available for 1997	
C & W Trucking Inc	Hennis Road	340	2		
Ranger Construction	Elboc Way	315	3		
City of Winter Garden	Plant Street	300	4		
DeWitt Excavating Inc	W Colonial Drive	270	5		
Health Central Park	N Dillard Street	265	6		
Publix Supermarket	W Colonial Drive	180	7		
Encore Construction	Crown Park Circle	175	8		
Louis Dreyfus Citrus	9th Street	160	9		
Heller Bros Packing Co	9th Street	155	10		
Total		<u>2,820</u>			

Source: Florida Research and Economic Database and surveys of employers listed.

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

Function	Full-time Equivalent Employees as of September 30									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General government	8	10	11	12	13	19	23	23	28	33
Public Safety										
Police										
Officers	34	34	34	35	36	39	43	47	56	58
Civilians	10	10	11	12	13	14	15	13	18	20
Fire										
Firefighters and officers	17	17	18	21	21	25	31	34	38	38
Civilians	-	-	-	-	-	-	-	-	1	1
Building	4	5	5	7	9	9	11	10	14	19
Public Works	15	16	16	17	19	20	21	34	34	36
Sanitation	12	12	15	16	16	15	16	16	16	15
Culture and recreation	12	13	13	14	12	13	15	6	8	9
Engineering	2	2	2	2	1	1	3	5	7	8
Utilities Administration	6	6	6	6	8	5	6	5	6	5
Water	9	9	9	9	10	11	13	15	15	14
Sewer	13	13	15	15	15	17	17	17	17	17
Stormwater	2	2	2	2	2	2	2	2	3	4
Trailer park	2	1	1	1	4	4	5	3	1	1
Total	146	150	158	169	179	194	221	230	262	278



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

Function	Fiscal				
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Police					
Physical arrests	1,455	1,545	1,846	2,190	3,006
Parking violations	-	2	176	304	249
Traffic violations	3,903	3,476	5,483	6,425	5,775
Fire					
Number of calls answered	1,800	1,950	2,100	2,201	2,499
Inspections	400	440	484	556	639
Public Works					
Street resurfacing	39,000	40,050	31,100	39,252	48,010
Potholes repaired	1,880	1,694	1,526	1,375	1,239
Sanitation					
Refuse collected (tons/day)	35	40	45	45	46
Recyclables collected	2	2	2	2	2
Culture and recreation					
Field permits issued	79	76	92	86	101
Facility rentals	96	141	136	128	137
Water					
New connections	93	39	36	241	499
Water main breaks	Data not available			1	3
Average daily consumption (thousands of gallons)	1,808,000	2,010,000	2,147,315	2,923,186	2,828,219
Wastewater					
Average daily sewage treatment (thousands of gallons)	1,290,000	1,600,000	1,430,000	1,390,000	1,370,000

Sources: Various City departments.

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

Year

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
981	1,604	1,903	2,093	1,878
571	518	299	362	80
5,684	6,402	6,918	8,994	7,448
2,500	2,556	2,998	3,231	3,427
766	919	1,111	1,222	1,258
42,549	29,412	34,332	22,551	43,357
1,116	1,005	1,200	1,000	890
48	50	50	50	51
2	3	4	4	4
97	83	92	85	156
182	182	175	182	194
630	593	533	676	1,095
5	2	5	3	3
3,289,789	4,236,041	4,354,230	4,616,786	5,985,678
1,620,000	1,790,000	1,870,000	2,010,000	1,990,000

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

Function	Fiscal				
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Public Safety					
Police:					
Stations	1	1	1	1	1
Patrol units	20	23	24	25	26
Fire stations	1	1	1	1	1
Sanitation					
Collection trucks	7	8	9	11	11
Public Works					
Streets (miles)	40	45	52	60	69
Streetlights	795	893	1,003	1,127	1,266
Traffic signals	8	8	8	8	8
Culture Recreation					
Parks acreage	46	46	55	55	55
Parks	6	6	8	8	8
Swimming pools	2	2	2	2	2
Tennis courts	4	4	6	6	6
Community centers	1	1	1	1	1
Water					
Water mains (miles)	38	45	53	60	68
Fire hydrants	471	558	657	744	843
Maximum daily capacity (thousands of gallons)	8,064,000	8,064,000	8,064,000	8,064,000	8,064,000
Sewer					
Sanitary sewers (miles)	58	67	76	84	93
Maximum daily treatment capacity	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Stormwater					
Storm sewers (miles)	22	25	28	31	35

Sources: Various City departments.

Note: No capital asset indicators are available for the general government function.

Year

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
1	1	1	1	1
26	27	29	32	36
1	2	2	2	2
13	14	14	15	15
78	90	103	119	137
1,422	1,598	1,795	2,017	2,266
9	10	11	13	14
55	55	55	55	55
8	8	8	8	8
2	2	2	2	2
6	6	6	6	6
1	1	1	1	1
75	83	90	98	105
930	1,029	1,116	1,215	1,300
8,064,000	10,368,000	10,368,000	10,368,000	10,368,000
101	110	118	127	135
2,000,000	4,000,000	4,000,000	4,000,000	4,000,000
40	44	50	56	63



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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Winter Garden, Florida, ("the City") as of and for the year ended September 30, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 28, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements 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 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.
February 28, 2007



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Sines, Girvin, Blakeslee & Campbell

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INDEPENDENT AUDITORS' MANAGEMENT LETTER

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

We have audited the financial statements of the City of Winter Garden, Florida (the "City"), as of and for the fiscal year ended September 30, 2006, and have issued our report thereon dated February 28, 2007.

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 February 28, 2007, 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 require that certain items be addressed in this letter.

The Rules of the Auditor General (Section 10.554(1) (h) 1.) require that we address in the management letter, if not already addressed in the auditor's reports on compliance and internal controls or schedule of findings and 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.

As required by the Rules of the Auditor General (Section 10.554(1) (h) 2.), the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, Florida Statutes.

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

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

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

As required by the Rules of the Auditor General (Section 10.554(1) (h) 6.a.), a statement must be included as to whether or not the local government entity has met one or more of the conditions in Section 218.503(1), regarding financial emergencies. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

As required by the Rules of the Auditor General (Section 10.554(1) (h) 6.b.), we determined that the annual financial report for the City for the fiscal year ended September 30, 2006, filed with the Department of Financial Services pursuant to Section 218.32, Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2006.

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

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



Sines, Girvin, Blakeslee and Campbell, P.A.
Certified Public Accountants, P.A.
February 28, 2007