

Prepared by:

Department of Finance

Jeffrey A. Price

Director of Finance

TABLE OF CONTENTS

PAGE

INTRODUCTORY SECTION

Letter of Transmittal..... i

List of Principal Officials..... viii

Organizational Chart..... ix

GFOA Certificate of Achievement for Excellence in Financial Reporting..... x

FINANCIAL SECTION

Report of Independent Certified Public Accountants..... 1

Management’s Discussion and Analysis..... 3-11

BASIC FINANCIAL STATEMENTS:
Government-Wide Financial Statements:

Statement of Net Assets..... 12

Statement of Activities..... 13

Fund Financial Statements:

Balance Sheet – Governmental Funds..... 14

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets..... 15

Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds..... 16

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities..... 17

Statement of Fiduciary Net Assets..... 18

Statement of Changes in Fiduciary Net Assets..... 19

Notes to Basic Financial Statements..... 20-36

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and
Actual – General Fund..... 37-40

Notes to Budgetary Required Supplementary Information..... 41-42

Schedule of Funding Progress – Public Safety Officers and Firefighters Retirement Plan..... 43

TABLE OF CONTENTS
(Continued)

PAGE

COMBINING FUND STATEMENTS

Nonmajor Governmental Funds:

Combining Balance Sheet.....	44-45
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	46-47

OTHER SUPPLEMENTAL INFORMATION

Special Revenue Funds:

Arboreous Special Revenue Fund Schedule of Revenues and Expenditures – Budget and Actual.....	48
Public Safety Donation Special Revenue Fund Schedule of Revenues and Expenditures – Budget and Actual.....	49
Greenacres After School Programs Special Revenue Fund Schedule of Revenues and Expenditures – Budget and Actual.....	50

Debt Service Funds:

Fire Safety Debt Service Fund Schedule of Revenues and Expenditures – Budget and Actual.....	51
Municipal Complex Debt Service Fund Schedule of Revenues and Expenditures – Budget and Actual.....	52

Capital Projects Funds:

New Growth Capital Projects Fund Schedule of Revenues and Expenditures – Budget and Actual.....	53
Parks and Recreation Capital Projects Fund Schedule of Revenues and Expenditures – Budget and Actual.....	54
Reconstruction and Maintenance Capital Projects Fund Schedule of Revenues and Expenditures – Budget and Actual.....	55

Pension Trust Fund:

Public Safety Officers and Firefighters Pension Plan Fund Schedule of Expenditures – Budget and Actual.....	56
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TABLE OF CONTENTS
(Continued)

STATISTICAL SECTION <i>Government-Wide Information:</i>	<u>PAGE</u>
Table of Contents.....	57
Schedule 1 – Net Assets by Component.....	58
Schedule 2 – Changes in Net Assets.....	59
<i>Fund Information:</i>	
Schedule 3 – Fund Balances, Governmental Funds.....	60-61
Schedule 4 – Changes in Fund Balances, Governmental Funds.....	62-63
Schedule 5 – Assessed Value and Actual Value of Taxable Property.....	64
Schedule 6 – Direct and Overlapping Property Tax Rates.....	65
Schedule 7 – Principal Property Tax Payers.....	66
Schedule 8 – Property Tax Levies and Collections.....	67
Schedule 9 – Ratios of Outstanding Debt by Type.....	68
Schedule 10 – Ratios of General Bonded Debt Outstanding.....	69
Schedule 11 – Direct and Overlapping Governmental Activities Debt.....	70
Schedule 12 – Legal Debt Margin Information.....	71
Schedule 13 – Pledged-Revenue Coverage.....	72
Schedule 14 – Demographic and Economic Information.....	73
Schedule 15 – Principal Employers.....	74
Schedule 16 – Full-Time City Government Employees by Function/Program.....	75
Schedule 17 – Operating Indicators by Function/Program.....	76
Schedule 18 – Capital Asset Statistics by Function/Program.....	77

TABLE OF CONTENTS
(Continued)

PAGE

COMPLIANCE SECTION

Report of Independent Certified Public Accountants on Internal Controls over Financial Reporting and on Compliance and Other Matters and Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	78-79
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida.....	80-82
Response to Management Letter.....	83

INTRODUCTORY SECTION

February 28, 2007

The Honorable Mayor and Members of the City Council
City of Greenacres, Florida

We are pleased to submit the Comprehensive Annual Financial Report of the City of Greenacres, Florida for the fiscal year ended September 30, 2006. This document also includes the report of independent certified public accountants. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*. The presentation of the City of Greenacres' financial information includes two financial statements that provide a government-wide perspective using the accrual basis of accounting. Please refer to our Management's Discussion and Analysis section for a more detailed explanation of the statements.

While fund financial statements are still presented, their presentation has changed. Long-term liabilities and capital assets are now excluded from the governmental fund financial statements. Instead, this information is now presented in the government-wide statement of net assets. Also, capital assets, which had been recorded in the general fixed assets account group, are now subject to depreciation.

The fund financial statements now focus on individual major funds. Each major fund is presented in a separate column in the fund financial statements. Non-major funds are aggregated and presented in a combined column. Budget to actual comparisons are presented as required supplementary information and are limited to the general fund and major special revenue funds. The comparisons are now more informative, including both the original adopted budget and the final amended budget.

We believe the GASB 34 reporting model will assist in making economic, social and political decisions and in assessing accountability to the residents by:

- ❖ Comparing actual financial results with the legally adopted budget, where appropriate;
- ❖ Assisting in determining compliance with fiscally-oriented laws, rules and regulations; and
- ❖ Assisting in evaluating the efficiency and effectiveness of the City of Greenacres' operations.

FINANCIAL STATEMENT FORMAT

This report has been prepared and organized to meet the requirements of the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting Program. By following the guidelines of this program, the report's format facilitates understanding by the residents and provides information needed by the most sophisticated and interested financial observers. The report is presented in four sections: introductory, financial, statistical, and compliance.

- ❖ The **introductory section**, which is unaudited, includes this transmittal letter, a list of principal officials, the City of Greenacres' organization chart, and the Government Finance Officers Association Certificate of Achievement for fiscal year ended 2005. This section is designed to provide an overview and general understanding of the report.
- ❖ The **financial section** provides a detailed presentation of the financial position and results for the fiscal year ended September 30, 2006. The financial section is divided into three identified subsections for the convenience of the reader:
 - Management's Discussion and Analysis
 - Basic Financial Statements With Required Supplementary Information
 - Combining and Individual Fund Statements.

Readers are encouraged to pay particular attention to management's discussion and analysis and to the footnotes in the basic financial statements. These provide valuable analysis and explanation of the financial statements.

- ❖ The **statistical section**, which is unaudited, includes a number of multi-year tables and other data designed to present social, economic and financial trends of the City of Greenacres, providing an overall view of the fiscal capacity of the City. This section has been revised in accordance with GASB Statement 44, *Economic Condition Reporting: The Statistical Section*.
- ❖ The **other reports section** includes the report of the independent auditors on compliance and on internal control over financial reporting in accordance with Government Auditing Standards, and the management letter.

PROFILE OF THE GOVERNMENT

The City of Greenacres, incorporated in 1926, is located in the central part of Palm Beach County, which is considered to be a top growth area in the County, and one of the top growth areas in the State. The City of Greenacres currently occupies a land area of 5.5 square miles and serves a population of approximately 32,000. The City of Greenacres is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council.

The City of Greenacres has operated under the Council Manager form of government since 1980. Policy-making and legislative authority are vested in the City Council consisting of the Mayor and five Council members. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the City Manager and Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The Council is elected on a non-partisan basis. Council members serve two-year staggered terms. The Mayor is also elected to serve a two-year term. The Mayor and the five Council members are elected at large.

The City contracts with a privately owned sanitation company for garbage and recycling collection services. For fiscal year 2006, Onyx Waste Services of Florida, Inc. held this franchise contract. Palm Beach

County Water Utilities Department provides water and sanitary sewage service in the City. There is one subordinate entity reporting to the City and included in this report, the Public Safety Officer and Firefighter Retirement Plan. This subordinate entity was created effective January 1, 1996, to provide retirement, death survivorship, and disability benefits to all Public Safety Officers and Firefighters hired January 1, 1996, and thereafter, consistent with the provisions of Florida Statutes 175 and 185.

The City provides general municipal services such as police protection, fire protection, emergency medical services, protective inspections, recreation, public works, and cultural events; as well as solid waste collection and recycling services.

The annual budget serves as the foundation for the City of Greenacres' financial planning and control. The City's budget process begins in April with a staff meeting between City Manager and Department Directors to review budget philosophy and develop overall goals and objectives. All departments of the City of Greenacres are required to submit requests for appropriation to the City Manager on or before the first week in May each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the Council in June. The Council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than September 30, the close of the City of Greenacres' fiscal year.

ECONOMIC CONDITION AND OUTLOOK

The City is located in the east central area of Palm Beach County, Florida, approximately seven miles from the Atlantic Ocean. Palm Beach County was among the fastest growing metropolitan areas in the country in 2002, with an estimated population of 1,173,837. Greenacres is the tenth largest municipality in the County with a 2006 population of 31,734 (BEER Census). The primary sources fueling the economy of this section of the County are agriculture, tourism, service industry and a growing retirement community. The City is a residentially oriented suburb, with a large number of commercial establishments to serve its varied population. The City serves a large retiree sector, while at the same time meeting the burgeoning needs of a large youth population. Due to the diminishing availability of agricultural land on the western boundary of the metropolitan area, the rapid population growth rate for the past decade is expected to diminish for the current decade with further reduction in the future.

In fiscal year 2006 the City's economic growth held its own; the unemployment rate is 2.7 percent, and several large construction projects were underway or completed. This includes the Pinewood Townhomes (98 units), Verona Palms Townhomes (134 units), Sagewood (104 units), Whispering Winds (32 units), Pine Grove Townhomes (30 units), CVS Pharmacy, and Nautica Isles (single-family homes). The 977 unit Nautica Isles project was completed at the close of fiscal year 2006. The recent trend of revitalization in the City's Original Section continued and expanded with the construction of 20 new homes.

The City has no industrial zoning, and, as such, has no large employers within the City limits. Palm Beach County School District and Palm Beach County government are two large local employers, with over 18,000 and 10,000 employees, respectively. Palm Beach County Snapshot lists the three top trades as: 1) Professional and Business Services, the largest employer at more than 131,000 employees; 2) Education and Health Services at nearly 80,000; and 3) Retail Trade at approximately 76,000. The City economy is primarily driven by residential and commercial developments representing a fairly broad spectrum of the population and business types, respectively. There is no single large employer of Greenacres' residents.

MAJOR INITIATIVES

Over the past decade, the City has been addressing three major areas of concern:

- ❖ Upgrading its capital investment for Public Safety functions and security in the City
- ❖ Improving roads, infrastructure, and appearance throughout the City's neighborhoods
- ❖ Development of parks and recreational facilities for all City residents

In conjunction with the major initiatives in the City also undertook a visionary process, the Greenacres Assembly, "A New Vision," coordinated by the Florida Institute of Government at Florida Atlantic University, in October of 2002. This process involved convening a community-wide forum with representation from Government/Public Sector/Non-Profit; Business and Industry; and Civic and Community organizations. The approach was designed to reach a consensus on issues of interest to diverse parties in the City, and to extend a general agreement on issues affecting the City. The Assembly focused on three (3) major issues:

- ❖ Quality of Life/Image and Character
- ❖ Communication/Intergovernmental Coordination
- ❖ Community Development/Neighborhood Revitalization

Initiatives related to public safety included the construction of its second Public Safety Station in the southeast portion of the City in fiscal year 2002. A new aerial truck was delivered to the City in July 2002 as well as one new and two refurbished ambulances. This resulted in a substantial increase in City fire/rescue service capability, and as a result, the City now provides fire-rescue services to the City of Atlantis pursuant to an Inter-local Agreement. Insurance Services Office (ISO) is the principal provider of ratings and statistical information for the insurance industry in the country. After an extensive evaluation of the fire-protection services of a city, the ISO assigns a Public Protection Classification (PPC) number from 1 to 10, with 1 being exemplary. The City of Greenacres was rated number 3, an improvement from the last rating of number 5. Most insurance companies use the PPC classification for underwriting and calculating premiums for residential, commercial and industrial properties. In general, the price of insurance premiums in a community with a good PPC is substantially lower than in a community with a poor PPC. In fiscal years 2004 through 2006 the City replaced all the protective personal equipment for public safety personnel through a grant, updated the 911 dispatch consoles, and recording equipment. Also, refurbished the evidence storage room, replaced extrication equipment, EMS stretchers and stair chairs.

In the area of roads, infrastructure and appearance, the City continued to enhance the City's median strips and landscaping at various sites. A five-year project, partially funded by Community Development Block Grant (CDBG), provides for the construction of sidewalks, paving, drainage, water and lighting improvements on roads north of 10th Avenue North. In fiscal year 2004 the City started the process of building a new Public Works Facility and a new City Hall. Financing for the project took place during fiscal year 2005, with groundbreaking on December 19, 2005. Work continued on this project through Fiscal Year 2006, with completion scheduled for the spring of 2007. Since the hurricanes of 2004 and 2005, the City has replaced aging shutters on City Hall and has purchased an AM radio system for emergency advisories.

The City has been very active developing programs to build recreation facilities and new parks, and enhance "green space" in the City. In 1996-2000, Ira Van Bullock Park was completely renovated and updated at a cost of \$1.2 million. In 1999, the City opened a new \$1.3 million Community Center, significantly increasing recreation facilities. This was the largest single construction project in the history of the City. In 1999 and 2001, Bowman Neighborhood Park was constructed at a cost of almost \$300,000. In September 2001, the construction of Greenacres Freedom Park, a 55-acre recreation facility, was initiated with a \$1.2 million construction project for Phase I. This park, the largest in the City, will be constructed in phases at an ultimate cost of over \$4.4 million. During fiscal year 2002 phase I construction of Freedom Park was completed; during fiscal year 2004 phase II was completed; and at the close of fiscal year 2005, phase III of Freedom Park was completed. Planning for phase IV is currently underway.

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that government assets are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The internal control structure of the City of Greenacres is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Controls

The City of Greenacres adopts fiscal year budgets for all funds. The City maintains budgetary controls through the annual budget public hearing and approval process of GAAP based budgets. The formal budget approval for each fiscal year is accomplished in a manner to comply with Florida State Statute 200.065, commonly referred to as Truth-In-Millage (TRIM). Activities of the General Fund, Debt Service Funds, Arboreous, C.A.R.E.S./Cool Zone After School Child Care, and Public Safety Donation Special Revenue Funds, and all Capital Project Funds are included in the annual appropriated budget. Chapter 932, Florida State Statutes prohibits budgeting revenue in the Forfeitures Special Revenue Fund. Expenditures in the Forfeitures Special Revenue Fund are appropriated through individual requests on a project-by-project basis at public meetings of the City Council. Budget amendments for all funds require prior City Council approval at public meetings. The level of budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is at the Departmental level.

The City of Greenacres also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end. However, encumbrances are reappropriated as part of the following year's approved budget. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Capital Financing

In conjunction with the operating budget, the City Manager annually prepares a program to provide for improvements to the City's public facilities for the ensuing fiscal year and next four years, along with proposals for the financing of these improvements. This five-year plan is called the Capital Improvement Program. The first year of the program constitutes the capital budget for the current fiscal year; the remaining years are used as a planning guide. The program allocates funding over five years for City roads, park development, public works projects, and new equipment.

Debt Service Administration

In Florida, there is no legal debt limit. All general obligation debt pledging payment from ad valorem taxes must be approved by referendum, unless it is to refund outstanding debt. Article VII, Section 12, of the Florida State Constitution states "Counties, school districts, municipalities, special districts, and local governmental bodies with taxing powers may issue bonds, certificates of indebtedness, or any form of tax anticipation certificates payable from ad valorem taxes and maturing more than twelve months after issuance only to finance or refinance capital projects authorized by law and only when approved by vote of the electors..." The City has no general obligation debt outstanding.

Fiduciary Operations

The City's fiduciary operations, prior to fiscal year 1996, were limited to the maintenance of three small Agency Funds. As a result of passage of the Small Business Job Protection Act of 1996, the City was able to remove its two Internal Revenue Code Section 457 plans from its books, as the City no longer has a fiduciary responsibility for the plans. The ICMA plan was removed in fiscal year 1997 and the Hartford plan in fiscal year 1998.

The City enrolled its employees in the State of Florida Retirement System (FRS) in 1973. In the 1995 legislative session, the State of Florida enacted a law that allowed municipalities and independent districts to opt future employees out of the Florida State Retirement System. Following detailed analysis of the options, the City Council voted to opt out of the Florida Retirement System (FRS) for all employees hired January 1, 1996, and thereafter. Pursuant to existing statute, all employees hired prior to that date will remain in FRS. The City of Greenacres Public Safety Officer and Firefighter Retirement Plan was established effective January 1, 1996, to cover high-risk employees with a defined benefit retirement plan. A defined contribution plan,

entitled the City of Greenacres General Employees Retirement Plan, was established to cover all other employees. These two plans are expected to provide quality retirement options to new employees, while producing some savings to the City, when compared to FRS costs. The Florida League of Cities was selected to provide administrative services for both plans. Two pension trust funds were established to account for these new plans in fiscal year 1996.

Cash Management

The City maintains one master pooled cash account for all funds with SunTrust Bank/South Florida N.A., a qualified public depository covered by the multiple financial institution collateral pool, administered by the State of Florida pursuant to the Florida Security for Deposits Act, Chapter 280, Florida Statutes. All deposits in this account are considered to be fully insured for risk categorization purposes. Balances above those necessary for daily transactions are transferred into an account maintained with the State of Florida Local Government Surplus Funds Trust Fund administered by the State Board of Administration (SBA). The State Board of Administration invests these funds in direct obligations or obligations unconditionally guaranteed by the U.S. Government and other conservative securities. Access to these funds is available through electronic funds transfer on a daily basis. Earnings from such investments are recorded as interest income. The average yield on investments during the year was 4.73 percent by the SBA in fiscal year 2006 for the State Surplus Funds Trust Fund. During fiscal year 2006 the City invested in the Florida Municipal Investment Trust (FMIVT).

The balances in the two City retirement plans are forwarded to the plan administrator, the Florida League of Cities (FLC), for investment. FLC uses Atlanta Capital Management Company as an investment manager and places these funds in investments authorized by state statutes.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Greenacres for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2005. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conforms to program standards. Such comprehensive annual financial reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Greenacres has received a Certificate of Achievement for the last fifteen consecutive years (fiscal years 1991-2005). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

In addition, the City also received the GFOA's Award for Distinguished Budget Presentation for the Fiscal Year beginning October 1, 2005. The City has received this award for the last thirteen years. In order to earn the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories including policy documentation, financial planning and organization. We have submitted the City's 2007 budget document to the GFOA, as we believe it also conforms to the program requirements.

Risk Management

The City maintains liability coverage through FLC consistent with the Florida Statutes under the Doctrine of Sovereign Immunity, which effectively limits the amount of liability claims in state court to \$100,000 per individual, or \$200,000 for all claims relating to the same incident. Property coverage is by schedule and is carried in an amount of \$9,909,808. The City and FLC have actively increased their efforts during the past year to reduce claims through distribution of educational material and classes on safety, enhanced by video training

tapes provided on fire and police safety procedures. The City also distributes safety gear, consisting of work shoes, safety glasses, and lifting belts for appropriate employees. Material Safety Data Sheets are obtained and distributed to all employees working with potentially hazardous chemicals.

OTHER INFORMATION

Independent Audit

State Statutes require an annual audit by independent certified public accountants. The accounting firm of Nowlen, Holt and Miner, PA was selected through a fiscal year 2006 competitive Request for Proposals (RFP) to conduct the City's audit. They replaced the firm Rachlin, Cohen & Holtz, LLP; which preformed the five previous annual audits. Because the total federal and state awards expended for all federal and state programs were not more than \$500,000, a Single Audit in accordance with OMB circular A-133 was not required to be preformed by the City's auditors.

Acknowledgments

The preparation of this Comprehensive Annual Financial Report for the City of Greenacres was made possible by the dedicated efforts of the staff of the Department of Finance. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. We also extend our sincere appreciation to the independent certified public accounting firm of Nowlen, Holt and Miner, PA for the professionalism and cooperation shown during the performance of the engagement and the expertise shown in financial report for government entities.

We believe that this report reflects the sound financial position of the City of Greenacres. We would like to thank the Mayor, City Council, and the residents of the City of Greenacres for their interest and support toward the planning and administration of the financial operations of the City of Greenacres in a responsible, progressive manner. With this support, we have been able to maintain a high degree of fiscal health and responsibility for the City of Greenacres in our challenging environment.

Wadie Atallah
City Manager

Jeffrey A. Price
Director of Finance



PRINCIPAL OFFICIALS

ELECTED OFFICIALS

Samuel J. Ferreri
Mayor

Richard C. Radcliffe
Deputy Mayor- Councilman, District I

Peter A. Noble
Councilman, District II

Charles E. Shaw
Councilman, District III

Doris A. Fouts
Councilwoman, District IV

Norman Rose
Councilman, District V

SENIOR MANAGEMENT

Wadie Atallah
City Manager

Pamela S. Terranova
City Attorney

Deborah S. Manzo
Assistant City Manager

Sondra K. Hill
City Clerk

Jeffrey A. Price
Director of Finance

Thomas J. Lanahan
Director of Planning & Engineering

Dennis C. Rogan
Director of Public Works

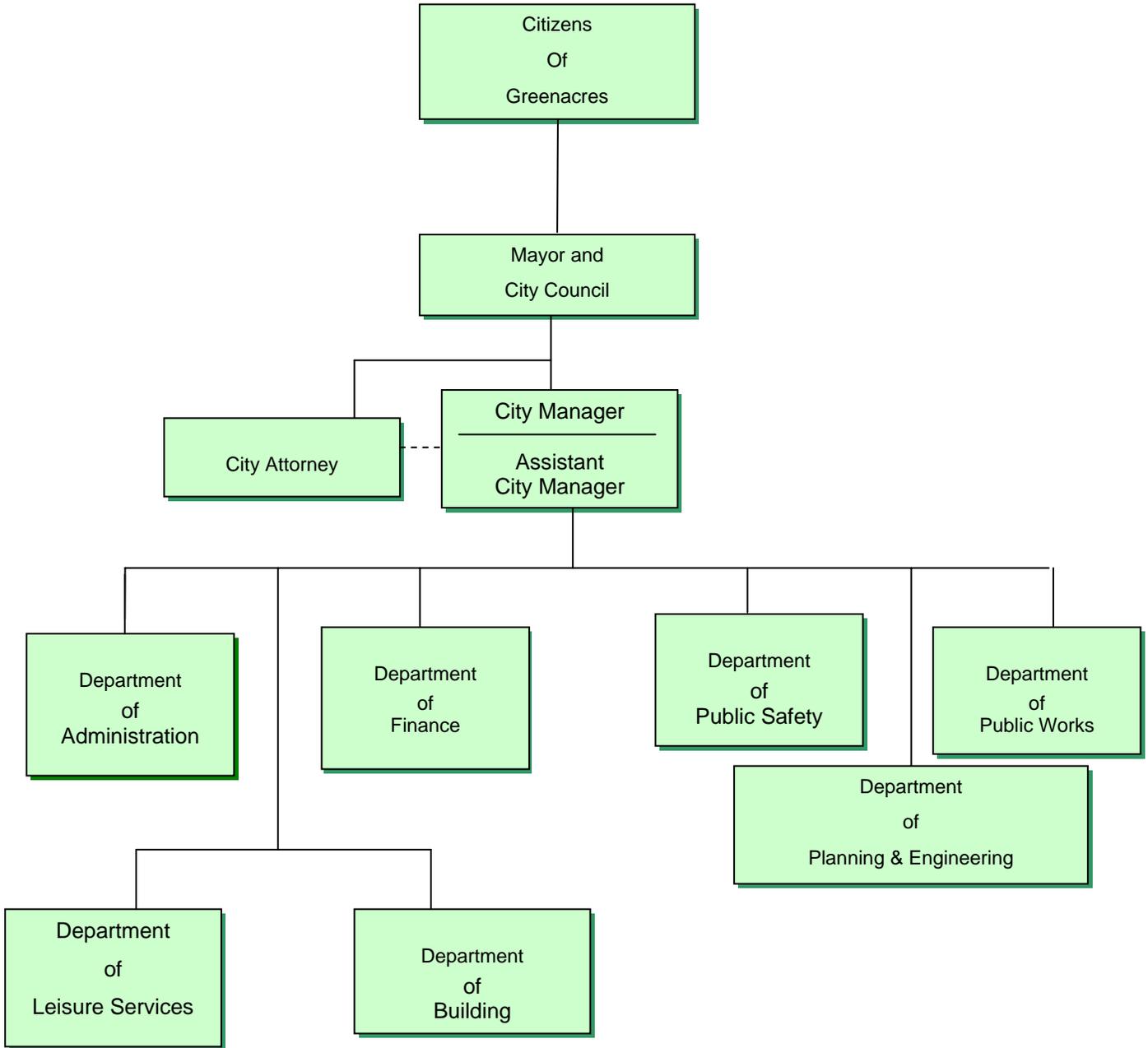
Robert Weber
Acting, Dir. of Public Safety

Michele L. Thompson
Director of Leisure Services

Stephen D. Uman
Director of Building

Positions held as of September 30, 2006

Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Greenacres
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

FINANCIAL SECTION



NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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EVERETT B. NOWLEN (1930-1984), CPA
EDWARD T. HOLT, CPA
WILLIAM B. MINER, CPA
ROBERT W. HENDRIX, JR., CPA
JANET R. BARICEVICH, CPA

KATHLEEN A. MINER, CPA
ROBERT W. HELMREICH, CPA
TERRY L. MORTON, JR., CPA
N. RONALD BENNETT, CPA
J. MICHAEL STEVENS, CPA
DANIEL A. KIRCHMAN, CPA
ALEXIA G. VARGA, CPA
BRIAN J. BRESCIA, PFS, CPA
DONALD D. RINZEL, CPA

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members of the City Council
City of Greenacres, Florida

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333 S. E. 2nd STREET
POST OFFICE BOX 338
BELLE GLADE, FLORIDA 33430-0338
TELEPHONE (561) 996-5612
FAX (561) 996-6248

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Greenacres, Florida 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 of Greenacres, Florida's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Greenacres, Florida as of September 30, 2006, and the respective changes in financial position, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2006, on our consideration of the City of Greenacres, Florida's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis on pages 3 through 11 and the required supplementary information on pages 38-44 are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. 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 of Greenacres, Florida's basic financial statements. The introductory section, combining fund statements, other supplemental information, and statistical data listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Greenacres, Florida. The combining fund statements and other supplemental information 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 and statistical sections 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.

Nowlen, Holt, & Miner, P.A.

December 20, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Greenacres' (the City's) Management's Discussion and Analysis (MD&A) is a narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2006. It is designed to provide a broad overview and a short and long-term analysis of the City's activities based on information presented in the financial statements. Specifically, this information is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activities, identify changes in the City's financial position (its ability to address the next and subsequent years' challenges), clarify material deviations from the approved budget, and explain individual fund issues.

The City presents its financial statements in accordance with the reporting model required by Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB 34). We encourage readers to consider the information presented here in conjunction with the Transmittal Letter (beginning on page i) and the City's financial statements (beginning on page 12).

HIGHLIGHTS

Financial Highlights

- The City's assets exceeded its liabilities by \$32.1 million (*net assets*) at the close of the 2006 fiscal year. Of this amount, \$7.5 million (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$8.5 million, or 36%.
- Total revenues increased \$5.8 million, or 27%.
- Total expenses increased \$0.6 million, or 3%.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$20.3 million, an increase of \$5.1 million in comparison with the prior year. Approximately 75% of this total, \$15.2 million, is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$9.2 million, which was 55% of total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements

The government-wide financial statements (the statement of net assets and the statement of activities, (on pages 12-13) 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 are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, accrued interest on long-term debt, earned but unused vacation pay).

Governmental accounting standards require that the government-wide statements distinguish between functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover all or a significant portion of their costs through user fees or charges (*business-type activities*). All of the City's activities are considered governmental in nature and as a result, no business-type activities are presented in these statements. The governmental activities of the City of Greenacres include police and fire services (public safety), capital assets maintenance and operations (public works), community development, recreation services and general government administration.

GASB Statement 34 not only mandated changes in the financial statements but also set forth reporting changes. One such change is to capitalize infrastructure (streets and roads, bridges, storm drainage systems and canals) both prospectively and retrospectively for fiscal years ending after June 30, 1980. Most of the major roads in the City are state or county roads; there are only 26 miles of roads owned and maintained by the City, less than five miles of which were constructed after June 30, 1980. Because the cost of the major sub-systems of infrastructure (roads and bridges) constructed by the City after June 30, 1980 are less than 5 percent of the City's total capital assets, the City is not required to capitalize its infrastructure retrospectively, and has elected not to do so.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over financial resources that have been segregated for specific activities or objectives. The City of Greenacres, 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 two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported in *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 balances of spendable resources available at the end of the fiscal year (fund balance). 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 government'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 (10) individual governmental funds: the General Fund, four (4) Special Revenue Funds, two (2) Debt Service Funds, and three (3) Capital Projects Funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the General Fund, and the New Growth and Parks and Recreation (Capital Projects) Funds, all of which are considered *major funds*. Data from the seven remaining governmental funds are combined into a single column for an aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 45-48 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 statements because the resources of these funds are not available to support the City's programs. While fiduciary (trust and agency) funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government.

The basic fiduciary fund statements can be found on pages 18-19 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 20-36 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This information includes budgetary comparison schedules, as well as detailed information concerning the City's obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 37-44 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

CITY AS A WHOLE: GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide financial statements were designed so that the user could determine if the City is in a better or worse financial condition from the prior year. The fiscal 2005 balances have been included so that the results from the prior year can be compared.

Net Assets

The following schedule is a summary of the Statement of Net Assets found on page 12 with comparative information for the prior year.

**City of Greenacres, Florida
Summary of Net Assets
(in thousands)**

	<u>2006</u>	<u>2005</u>	<u>Change</u>
Current and other assets	\$ 22,466	\$ 17,138	31.1%
Capital assets, net	<u>18,766</u>	<u>15,768</u>	19.0%
Total assets	<u>41,232</u>	<u>32,906</u>	25.3%
Current liabilities	1,813	1,736	4.4%
Long-term liabilities	<u>7,283</u>	<u>7,500</u>	(2.9%)
Total liabilities	<u>9,096</u>	<u>9,236</u>	(1.5%)
Net assets:			
Invested in capital assets, net of related debt	13,617	13,927	(2.2%)
Restricted	10,936	7,330	49.2%
Unrestricted	<u>7,583</u>	<u>2,413</u>	214.3%
Total net assets	<u>\$ 32,136</u>	<u>\$ 23,670</u>	35.8%

The largest portion of the City's net assets (42%) reflects its investment in capital assets (land, buildings, machinery and equipment) less any related debt still outstanding that was used to acquire those assets. The City uses 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.

An additional portion of the City's net assets (35%) represents resources that are subject to external or legal restrictions on how they may be used. The increase in restricted net assets is consistent with the City's plan to fund capital improvement projects planned for next year and beyond. The remaining unrestricted net assets of \$7.5 million, or 23% of net assets, may be used to meet the government's ongoing obligations to citizens and creditors.

Net assets may serve as a useful indicator of a government's financial position over time. The overall position of the City improved in 2006 and 2005. At the end of the 2006 fiscal year, the City of Greenacres' assets exceeded liabilities by \$32.1 million, an increase of 36%, or \$8.5 million, from 2005.

Changes in Net Assets

The revenues and expenses for the current and previous fiscal years are compared in the following schedule.

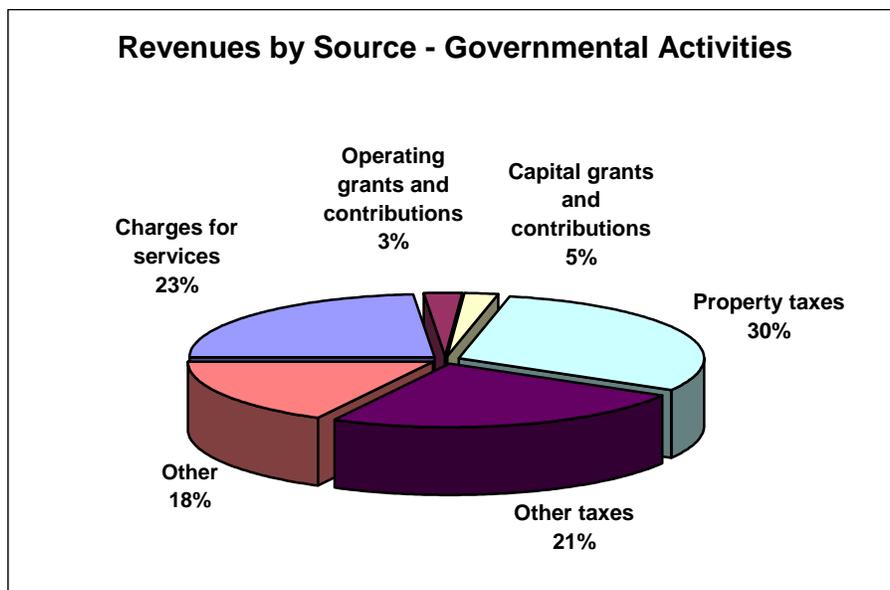
**City of Greenacres, Florida
Summary of Changes in Net Assets
(in thousands)**

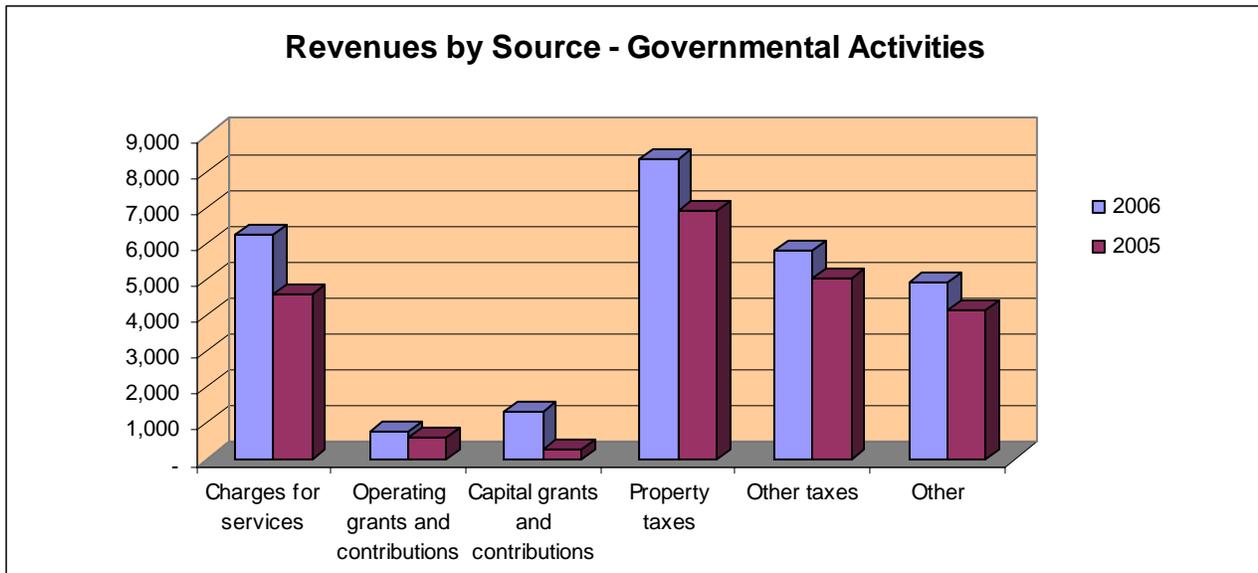
	<u>2006</u>	<u>2005</u>	<u>Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 6,221	\$ 4,556	36.5%
Operating grants and contributions	878	585	50.1%
Capital grants and contributions	1,318	272	384.6%
General revenues:			
Property taxes	8,341	6,920	20.5%
Other taxes	5,826	5,043	15.5%
Other	4,800	4,165	15.2%
Total revenues	<u>27,384</u>	<u>21,541</u>	27.1%
Expenses:			
General government	3,605	3,454	4.4%
Public safety	9,986	9,746	2.5%
Transportation	1,466	1,357	8.0%
Culture and recreation	2,165	2,081	4.0%
Physical environment	1,450	1,436	1.0%
Interest and other fiscal charges	246	257	4.3%
Total expenses	<u>18,918</u>	<u>18,331</u>	3.2%
Increase in net assets	8,466	3,210	163.7%
Beginning net assets	<u>23,670</u>	<u>20,460</u>	15.7%
Ending net assets	<u>\$ 32,136</u>	<u>\$ 23,670</u>	35.8%

Net assets increased as total revenues grew by twenty-seven percent while expenses increased by only three percent.

Reasons for the increases in revenues include:

- Charges for services revenues increased by approximately \$1.7 million, primarily due to developer impact fees on two new developments in the City.
- Capital grants increased by just over a million dollars due to County grants towards the cost of the five-and-a-half acre lake at the new Municipal Complex. The lake size was increased to handle drainage from the County's widening of Melaleuca Lane.
- Property tax revenues increased by \$1.4 million as a result of new construction and growth, annexations, and increases in property values.
- Electricity franchise fees also contributed to the increase in tax revenues as they grew by more than half a million dollars. Increased electricity costs were responsible for most of the increase. New construction contributed to the increase as well. Additionally, about 600 customers were added to the power company's database after an internal audit by the City's Finance Department found that they were missing. After recovering some of the fees retroactively, those accounts had a substantial impact on franchise fees revenues for the remainder of the fiscal year.





Financial Analysis of the City of Greenacres' Funds

The City of Greenacres uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. 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 \$20.3 million, an increase of \$5.1 million from fiscal 2005's fund balance. Approximately 75% (\$15.2 million) of this total constitutes *unreserved fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$4.8 million), 2) to purchase police equipment (\$59 thousand), 3) to pay debt service (\$109 thousand), or 4) for a variety of other restricted purposes (\$189 thousand).

The General Fund is the chief operating fund of the City of Greenacres. At the end of the current fiscal year, unreserved fund balance of the general fund was \$9.2 million, while total fund balance reached \$9.4 million. Generally, as a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. At the 2006 fiscal year end, unreserved fund balance represents 55% of total general fund expenditures. It must be noted, however, that during the budget process plans were made to transfer approximately \$5.5 million of the unreserved general fund balance to capital projects funds to finance projects that are part of the City's planned capital improvements. Even under that scenario, the unreserved general fund balance is still a healthy 22% of total fiscal 2006 expenditures.

The general fund balance increased by \$1.5 million during fiscal year 2006 as increases in general fund revenues outpaced the City's spending.

The City's New Growth (Capital Projects) Fund is used to account for the acquisition of new and expanded public infrastructure for all purposes (except for parks) resulting from the growth of the City. This year the City spent \$3.3 million on the new Municipal Complex. Approximately \$220 thousand was spent on infrastructure and land and road improvements.

The Parks and Recreation (Capital Projects) Fund is used to account for the construction and refurbishment of park facilities within the City.

General Fund Budgetary Highlights

The following schedule shows that, in fiscal year 2006, the only differences between the original and final amended budget was for encumbered appropriations at the beginning of the year and at year end (see also the budgetary comparison schedule on pages 37-41). Other than encumbrances, there were no other changes to the fiscal year 2006 budget.

Original adopted budget October 1, 2005		\$ 17,879,987
<u>Additions to budget</u>		
Budget adjustment for prior year encumbrances (products or services ordered but not received at the end of the previous fiscal year)	\$ 126,195	
Less: Cancelled prior year encumbrances	<u>(2,238)</u>	123,957
<u>Deductions from budget</u>		
Budget adjustments for current year encumbrances (products or services ordered but not received by fiscal 2006 year end)		<u>(109,864)</u>
Final budget September 30, 2006		<u>\$ 17,894,080</u>

Additionally, general fund transfers of \$4.7 million were budgeted to fund planned Capital Improvement Projects, to pay the debt service on the City's outstanding revenue bonds and bank note, and to fund the school-age child care programs. For the year, estimated revenues were \$20.8 million, to be augmented by an additional \$1.8 million from available fund balance to cover total budgeted expenditures (plus transfers) of \$22.6 million.

As it turned out, appropriations from available fund balance were not needed to cover budgeted expenditures. For the year, actual revenues exceeded expenditures, coming in \$2.2 million higher than expected, while general fund expenditures were \$1.1 million less than budgeted. Fund balance increased by \$1.5 million as a result.

Significant budget-to-actual variances are summarized as follows:

Revenues: Positive variance, \$2,249,408 more than budget.

- Taxes were \$797 thousand more than budgeted, with the primary reason being increased electricity franchise fees (explained on page 5). Electric utility taxes also had a significant positive variance of \$121 thousand for the same reasons.
- Property taxes were conservatively budgeted based on a 95% collection rate, while actual collections came in over 99%, causing a \$110 thousand positive variance.
- Licenses and permits revenues were \$257 thousand more than budgeted. Two new residential home developments building permits came in \$160 thousand more than budgeted.
- Intergovernmental revenues had a positive variance of \$848 thousand. The City was reimbursed more than \$400 thousand for damages incurred from Hurricane Wilma in October 2005.
- Another significant variance was from Insurance Premium Taxes of \$259 thousand. Prior to fiscal 2005, this revenue source was recorded only in the Police and Firefighters' Pension Trust fund as they can be used only to subsidize the pensions of those employees. The City now records Insurance Premium Tax in the general fund as well, with a corresponding expense to pension expense to more accurately reflect the City's true Public Safety pension costs. This revenue was not budgeted in the general fund in fiscal 2006, so the entire amount was reflected as a positive budget variance.
- Investment income was \$287 more than budgeted due primarily to an increase in reserves for Capital Improvement Projects, as well as rising interest rates.

Expenditures: Positive variance, \$1,089,994 under budget.

- The Information Technology (IT) expenditures were \$151 thousand less than budgeted due primarily to turnover and understaffing part of the year.
- Public Safety (police and firefighters) expenditures were \$827 thousand less than budgeted, primarily in wages expenditures due to vacant positions. The largest variances were the Uniform Patrol division (\$442 thousand), Investigations division (\$186 thousand), and Support Services division (\$121 thousand).

Capital Asset and Debt Administration

Capital assets. The City of Greenacres' investment in capital assets as of September 30, 2006, net of accumulated depreciation, is \$18.8 million, up \$3.0 million from 2005. The primary increase was in Construction in Progress, where expenditures were close to \$3.3 million as work continued on the new Municipal Complex. Other significant expenditures paid for five new police cruisers (\$121 thousand) and continuing road improvements (\$174 thousand).

City of Greenacres Capital Assets (in thousands, net of accumulated depreciation)

	<u>2006</u>	<u>2005</u>	<u>change</u>
Land	\$ 6,352	\$ 6,334	0.3%
Buildings	1,823	1,982	(8.0%)
Improvements other than buildings	3,184	3,592	(11.4%)
Furniture, fixtures and equipment	931	896	3.9%
Vehicles	1,571	1,720	(8.7%)
Infrastructure	545	561	(2.9%)
Construction in Progress	<u>4,360</u>	<u>683</u>	538.4%
Total	<u>\$ 18,766</u>	<u>\$ 15,768</u>	19.0%

Additional information can be found in Note 5 Capital Assets on pages 29-30.

Debt administration. At fiscal 2006 year end, the City had \$6.1 million of debt consisting of \$978 thousand in revenue bonds and \$5.1 million in bank loans. Fiscal 2006 debt service payments reduced the overall debt by \$371 thousand.

The debt position of the City is summarized below and is more fully explained in Note 6 Long-Term Debt on page 30-32.

City of Greenacres Outstanding Debt (in thousands)

	<u>2006</u>	<u>2005</u>	<u>Change</u>
Revenue Bonds	\$ 978	\$ 1,158	(15.5%)
Notes Payable	<u>5,126</u>	<u>5,317</u>	(3.6%)
Total	<u>\$ 6,104</u>	<u>\$ 6,475</u>	(5.7%)

Economic Factors and Next Year's Budgets and Rates

The City's growth slowed a bit in calendar year 2006. New residential and commercial construction projects added \$72 million to the city's land values for the fiscal 2007 property tax assessment, as compared to an \$84 million increase in 2006. The City's existing property values continued to appreciate, however, resulting in a gross taxable value of more than \$1.9 billion for the fiscal 2007 ad valorem, in increase of 27% over the prior year.

General fund revenues are projected to be \$23.9 million in fiscal 2007, a 15% increase over the fiscal 2006 forecast. The fiscal 2007 general fund expenditures plus transfers out budget is \$26.1, an increase of 16% over 2006. Factors contributing to the increase in expenditures include an increase of approximately 10% in personal services, a 25% increase in fuel and energy costs, and transfers of \$5.5 million to pay for debt service and planned capital improvement projects. Based on these estimates, unreserved general fund balance will decrease by \$1.9 million to \$7.3 million in 2007.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about this report or need additional information, contact the Director of Finance, 5985 10th Ave N, Greenacres, Florida 33463.

BASIC FINANCIAL STATEMENTS

Statement of Net Assets

September 30, 2006	Governmental Activities
Assets	
Cash and cash equivalents	\$ 838,124
Investments	20,082,831
Receivables (net)	
Accounts	1,122,458
Grants	60,492
Assessments	24,692
Inventory	30,042
Prepaid items	62,036
Prepaid pension contributions	244,931
Capital assets	
Non-depreciable	10,712,133
Depreciable (net of depreciation)	8,054,246
Total assets	41,231,985
Liabilities	
Accounts payable and other current liabilities	961,022
Accrued payroll and related taxes	482,645
Unearned revenue	213,067
Accrued bond interest payable	2,854
Deposits	153,154
Due within one year:	
Compensated absences	572,230
Bonds and notes payable	383,143
Due in more than one year:	
Compensated absences	606,855
Bonds and notes payable	5,721,169
Total liabilities	9,096,139
Net Assets	
Invested in capital assets, net of related debt	13,616,882
Restricted for:	
Capital projects	10,657,648
Debt service	105,960
Public safety	69,643
After school child care	102,257
Unrestricted	7,583,456
Total net assets	\$ 32,135,846

See accompanying notes to basic financial statements.

Statement of Activities

Fiscal Year Ended September 30, 2006		Program Revenues			Net (Expense) Revenue and Changes in Net Assets
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
Governmental activities:					
General government	\$ 3,605,207	\$ 159,447	\$ -	\$ -	\$ (3,445,760)
Public safety	9,986,194	1,324,642	40,117	1,585	(8,619,850)
Transportation	1,465,701	-	-	-	(1,465,701)
Culture/recreation	2,165,534	569,959	259,825	446,421	(889,329)
Physical environment	1,450,246	4,166,525	578,011	869,834	4,164,124
Interest on long-term debt	245,757	-	-	-	(245,757)
Total governmental activities	\$ 18,918,639	\$ 6,220,573	\$ 877,953	\$ 1,317,840	(10,502,273)

General revenues:

Taxes:

Property taxes	8,340,566
Utility service taxes	3,528,502
Franchise fees based on gross receipts	1,909,999
Gas taxes	387,706
Grants and contributions not restricted to specific programs	3,490,017
Investment earnings	930,024
Miscellaneous revenues	381,786
Total general revenues and transfers	18,968,600
Change in net assets	8,466,327
Net assets - beginning	23,669,519
Net assets - ending	\$ 32,135,846

See accompanying notes to basic financial statements.

Balance Sheet
Governmental Funds

September 30, 2006	General	Capital Projects		Nonmajor Governmental Funds	Total Governmental Funds
		New Growth	Parks and Recreation		
Assets					
Cash and cash equivalents	\$ 838,124	\$ -	\$ -	\$ -	\$ 838,124
Investments	8,460,265	6,118,074	3,132,186	2,372,306	20,082,831
Receivables (net)					
Accounts	1,072,173	-	-	50,285	1,122,458
Grants	1,353	58,799	-	340	60,492
Assessments	24,692	-	-	-	24,692
Due from other funds	90	-	-	16,730	16,820
Inventories	30,042	-	-	-	30,042
Prepaid items	61,136	900	-	-	62,036
Total assets	\$ 10,487,875	\$ 6,177,773	\$ 3,132,186	\$ 2,439,661	\$ 22,237,495
Liabilities and fund balances					
Liabilities					
Accounts payable and other liabilities	\$ 255,012	\$ 301,299	\$ 397,600	\$ 7,111	\$ 961,022
Accrued payroll and related taxes	450,404	-	-	32,241	482,645
Due to other funds	237	16,493	-	90	16,820
Deferred revenue	208,257	58,799	-	4,810	271,866
Deposits	153,154	-	-	-	153,154
Total liabilities	1,067,064	376,591	397,600	44,252	1,885,507
Fund balances					
Reserved for:					
Encumbrances	109,864	4,647,743	17,206	9,334	4,784,147
Inventories	30,043	-	-	-	30,043
Prepaid items	61,136	-	-	-	61,136
Police equipment	-	-	-	59,387	59,387
Child care	-	-	-	97,968	97,968
Debt service	-	-	-	108,814	108,814
Unreserved	9,219,768	1,153,439	2,717,380	-	13,090,587
Unreserved, reported in nonmajor funds:					
Special revenue funds	-	-	-	61,870	61,870
Capital projects funds	-	-	-	2,058,036	2,058,036
Total fund balances	9,420,811	5,801,182	2,734,586	2,395,409	20,351,988
Total liabilities and fund balances	\$ 10,487,875	\$ 6,177,773	\$ 3,132,186	\$ 2,439,661	\$ 22,237,495

See accompanying notes to basic financial statements

**Reconciliation of the Balance Sheet – Governmental Funds
To the Statement of Net Assets
Governmental Funds**

September 30, 2006

Fund balances total governmental funds \$ 20,351,988

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental capital assets	\$ 30,900,127	
Less accumulated depreciation	(12,133,748)	18,766,379

Revenue is recognized when earned in the government-wide statements, regardless of activity. Governmental funds report based on modified accrual, i.e., both measurable and available

Grant revenues	58,799
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Prepaid contributions for defined benefit pension plans are reported in the statement of net assets. Because they do not represent available, spendable resources, they are not reported in governmental funds.

244,931

Long-term liabilities, including notes and bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities at year-end consist of:

Bonds and notes payable	(6,104,312)	
Accrued interest payable on long-term debt	(2,854)	
Compensated absences	(1,179,085)	(7,286,251)

Net assets of governmental activities	\$ 32,135,846
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See accompanying notes to basic financial statements.

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Fiscal Year Ended September 30, 2006	General	Capital Projects		Nonmajor Governmental Funds	Total Governmental Funds
		New Growth	Parks and Recreation		
Revenues:					
Taxes	\$ 14,166,773	\$ -	\$ -	\$ -	\$ 14,166,773
Licenses and permits	1,412,060	-	-	-	1,412,060
Intergovernmental revenues	4,438,645	818,879	434,608	286,281	5,978,413
Charges for services	2,373,229	-	-	157,296	2,530,525
Fines and forfeitures	122,114	-	-	15,392	137,506
Impact fees	-	600,714	1,237,287	-	1,838,001
Interest	380,966	323,310	110,694	115,052	930,022
Special assessments	10,547	-	-	-	10,547
Contributions	2,856	-	-	19,073	21,929
Sales of surplus materials	11,638	-	-	-	11,638
Rental income	27,287	-	164,000	-	191,287
Miscellaneous revenues	148,980	99	-	-	149,079
Total revenues	23,095,095	1,743,002	1,946,589	593,094	27,377,780
Expenditures:					
Current:					
General government	3,342,910	-	-	-	3,342,910
Public safety	9,418,319	-	-	-	9,418,319
Transportation	1,359,785	-	-	-	1,359,785
Culture/recreation	1,195,452	-	-	434,204	1,629,656
Physical environment	1,386,181	-	-	-	1,386,181
Capital outlay	101,439	3,923,523	70,584	423,765	4,519,311
Debt service:					
Principal retirement	-	-	-	370,146	370,146
Interest	-	-	-	246,197	246,197
Total expenditures	16,804,086	3,923,523	70,584	1,474,312	22,272,505
Excess (deficiency) of revenues over (under) expenditures	6,291,009	(2,180,521)	1,876,005	(881,218)	5,105,275
Other financing sources (uses):					
Transfers in	-	1,300,000	460,000	2,980,494	4,740,494
Transfers out	(4,740,494)	-	-	-	(4,740,494)
Total other financing sources (uses)	(4,740,494)	1,300,000	460,000	2,980,494	-
Net change in fund balances	1,550,515	(880,521)	2,336,005	2,099,276	5,105,275
Fund balances - beginning	7,870,296	6,681,703	398,581	296,133	15,246,713
Fund balances - ending	\$ 9,420,811	\$ 5,801,182	\$ 2,734,586	\$ 2,395,409	\$ 20,351,988

See accompanying notes to basic financial statements.

**Reconciliation of the Statement of Revenues, Expenditures, and Changes
In Fund Balances of Governmental Funds to the Statement of Activities
Governmental Funds**

Fiscal Year Ended September 30, 2006

Net change in fund balances - total governmental funds \$ 5,105,275

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful life.

Expenditures for capital assets	\$ 4,420,998	
Less current year depreciation	(1,351,738)	3,069,260
Net book value of capital asset disposals		(70,860)

Some revenues, expenses, gains and losses reported in the statement of activities are not reported in the governmental funds because they have no effect on current financial resources:

Change in compensated absences		(153,178)
--------------------------------	--	-----------

Net effect of accrued interest on long-term debt (difference between amount that would have been accrued in prior year and current year accrual)		440
--	--	-----

Prepaid contributions to defined benefit pension plans are recorded as expenditures in governmental funds, but are recorded as an asset in the entity wide statements and are not recorded as expenses in the Statement of Activities		126,421
---	--	---------

The issuance of long-term debt (e.g., notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of the governmental funds. In the current year, these amounts consist of:

Principal payments on long-term debt		370,146
--------------------------------------	--	---------

Governmental Funds report revenues when earned and available. However, in the Statement of Activities, revenues are recognized when earned, regardless of availability.

Invasive Tree Removal Program Grant	(12,250)	
CDBG Grant	(10,353)	
Keep Palm Beach county Beautiful Grant	(17,373)	
CDBG Grant	55,254	
Urban Forestry Grant	3,545	18,823

Change in net assets of governmental activities		\$ 8,466,327
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See accompanying notes to basic financial statements.

Statement of Fiduciary Net Assets

September 30, 2006	Public Safety Officers and Firefighters Pension Plan
<hr/>	
Assets	
Investments in external pool	\$ 5,167,288
Prepays	735
<hr/>	
Total assets	5,168,023
Liabilities	
Accounts Payable	874
<hr/>	
Net Assets	
Held in trust for pension benefits and other purposes	\$ 5,167,149
<hr/> <hr/>	

See accompanying notes to basic financial statements.

**Statement of Changes in Fiduciary Net Assets
Fiduciary Funds**

Fiscal Year Ended September 30, 2006	Public Safety Officers and Firefighters Pension Plan
Additions:	
Contributions:	
Employer	\$ 281,530
Plan members	122,917
State on-behalf payments	259,016
Total contributions	663,463
Investment income:	
Net increase in fair value of investments	330,942
Total investment income	330,942
Total additions	994,405
Deductions	
Benefits	26,381
Administrative expense	13,653
Total deductions	40,034
Net increase	954,371
Net assets held in trust for pension benefits	
Net assets - beginning	4,212,778
Net assets - ending	\$ 5,167,149

See accompanying notes to basic financial statements.

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Greenacres, Florida (the "City") is a municipal corporation organized under Florida Statutes. The City was originally incorporated in 1926 and was reincorporated in 1947 pursuant to Special Act 24537, Laws of Florida 1947. The City operates under the Council-Manager form of government and provides a wide range of community services including general government, public safety, building inspection, zoning and land use planning, transportation, culture and recreation, and physical environment. The City Council (the "Council") is responsible for legislative and fiscal control of the City.

The basic financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

Financial Reporting Entity

As required by generally accepted accounting principles, these basic financial statements present the primary government and its component units. Component units are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the City's financial statements to be misleading or incomplete. The primary government is considered financially accountable if it appoints a voting majority of an organization's governing body and imposes its will on that organization. The primary government may also be financially accountable if an organization is fiscally dependent on the primary government, regardless of the authority of the organization's governing board. Based on the application of these criteria, there were no organizations that met the criteria described above.

Government-Wide and Fund Financial Statements

The 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. The effect of interfund activity has been removed from these statements. *Governmental activities*, which are normally 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 demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Revenues that are not classified as program revenues, including taxes, are presented as *general revenues*.

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements and pension trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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 taxes, 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 primary operating fund and is used to account for all financial resources applicable to the general operations of the City except those required to be accounted for in another fund.

The *Parks and Recreation Fund*, a capital projects fund, is used to account for financial resources used for the acquisition or construction of City parks.

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The *New Growth Fund*, a capital projects fund, is used to account for financial resources used for the acquisition of new and expanded public infrastructure for all purposes, except for parks, resulting from the growth of the City.

Additionally, the City reports the following non-major funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities not accounted for in other capital projects funds.

Pension Trust Funds, which are fiduciary funds, are used to account for the activities of the Public Safety Officers and Firefighters Retirement Plan.

Assets, Liabilities, and Net Assets or Equity

Pooled Cash and Investments

Pooled cash and investments include cash on hand, investments with the State Board Investment Pool, and investments with the Florida Municipal Investment Trust Fund. Resources of all funds, except the pension trust funds, have been combined into a pooled cash and investment system for the purpose of maximizing earnings. Income earned on pooled cash and investments is allocated monthly based upon equity balances of the individual funds.

Investments are reported at fair value, which is determined by using various third-party pricing sources. The Local Government Surplus Funds Trust Fund, administered by the Florida State Board of Administration, is a "2a-7 like" pool and these investments are valued using the pooled share price.

The Florida Municipal Investment Trust, administered by the Florida League of Cities, is an external investment pool. These investments are valued using the pooled share price.

Investments of the City's pension plans are held in the Florida Municipal Pension Trust Fund, administered by the Florida League of Cities. The Fund is an external investment pool and these investments are valued using the pooled share price.

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.

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Assets or Equity (Continued)

Inventories

Inventories consist of expendable supplies held for consumption which are carried at cost (first-in, first-out). The City accounts for inventories using the consumption method, under which expenditure is recognized only when inventory items are used. Reported inventory is equally offset by a fund balance reserve which indicates that it does not constitute "available spendable resources" even though it is a component of net current assets.

Capital Assets and Depreciation

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of \$750 or more and an estimated life in excess of one year. Major general infrastructure assets acquired in fiscal years ending after June 30, 1980, or significantly reconstructed or improved during that multi-year period, have not been capitalized since total infrastructure is less than five percent of total general capital assets, and accordingly, do not meet the capitalization requirements of GASB Statement No. 34.

When purchased, capital assets are recorded as expenditures in the governmental funds and capitalized as assets in the government-wide statement of net assets. General capital assets are carried at historical cost. Where cost cannot be determined from the available records, estimated historical cost has been used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair value at the date of acquisition. Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation. The estimated lives for each major class of depreciable fixed assets are as follows:

Buildings and improvements	20 years
Improvements other than buildings	10 years
Equipment	3-10 years
Vehicles	5 years

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Assets or Equity (Continued)

Compensated Absences

The City's employees are granted compensated absence pay for vacation and sick leave in varying amounts based upon length of service. Unused compensated absences are payable upon separation from service. Vacation is accrued as a liability when the employee earns benefits. This means that the employee has rendered services that give rise to a vacation liability and it is probable that the City will compensate the employee in some manner, for example, in cash or paid time off, now or upon termination or retirement. The City uses the vesting method in accruing sick leave liability. Under the vesting method, a liability for sick leave is accrued for employees who are eligible to receive termination benefits upon separation.

Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements. For the governmental funds, compensated absences are liquidated by the general fund.

Long-Term Debt

Bonds and notes payable are reported as liabilities in the government-wide statement of net assets. These liabilities are not reported in the fund financial statements.

Net Assets

Equity in the government-wide statement of net assets is displayed in three categories: 1) invested in capital assets net of related debt, 2) restricted, 3) unrestricted. Net assets invested in capital assets net of related debt consist of capital assets reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct, or improve those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by City legislation or external restrictions by other governments, creditors, or grantors. Unrestricted net assets consist of all net assets that do not meet the definition of either of the other two components.

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.

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Assets or Equity (Continued)

Property Taxes

Property taxes (ad valorem taxes) are levied on October 1 (lien date) and become due and payable on November 1, with discounts of one to four percent if paid prior to March 1 of the following calendar year. All unpaid taxes become delinquent on April 1 and accrue interest charges from April 1 until a tax sale certificate is sold at auction.

Assessed values are established by the Palm Beach County Property Appraiser at approximately fair value. Taxes are collected by the County and remitted to the City. Revenue is recognized at the time monies are received from the County.

The City is permitted by the Florida Constitution to levy taxes up to \$10 per \$1,000 of assessed valuation for general governmental services (other than the payment of principal and interest on general obligation long-term debt). In addition, unlimited amounts may be levied for the payment of principal and interest on taxpayer approved general obligation long-term debt.

Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include assessing the collectibility of accounts receivable, the use and recoverability of inventory, and useful lives and impairment of tangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from estimates.

2 - DEPOSITS AND INVESTMENTS

Deposits

In addition to insurance provided by the Federal Depository Insurance Corporation, deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral. In the event of failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. The City's deposits at year end are considered insured for custodial credit risk purposes.

2 - DEPOSITS AND INVESTMENTS (Continued)

Investments

The investment of surplus public funds is governed by an ordinance of the City Council. The ordinance limits investment of surplus funds to the following:

1. The Florida Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act (Florida Statute Section 163.01);
2. Negotiable direct obligations of, or obligations the principal and interest of which are unconditionally guaranteed by the United States Government at the prevailing market price for such securities (U.S. Treasuries and Agencies);
3. U.S. Government Agency Securities and Instrumentalities of Government Sponsored Enterprises carrying the implied faith and credit of the U.S. Government, including participation certificates and mortgage pass-throughs;
4. Interest-bearing time deposits or savings accounts in qualified public depositories as prescribed by the Florida *Security for Public Deposits Act*, Chapter 280, Florida Statutes;
5. Certificates of deposit and other evidences of deposit at qualified depositories, bankers' acceptances, and commercial paper, rated in the highest tier (e.g., A-1, P-1, F-1, or D-1 or higher) by a nationally recognized rating agency;
6. Shares of any money market mutual fund that is registered with the Securities and Exchange Commission, has the highest credit quality rating from a nationally recognized statistical rating organization, and has a portfolio which is limited to direct obligations of the United States Government or any agency or instrumentality thereof.

The State Board of Administration is part of the Local Governments Surplus Funds Trust Fund and is governed by Chapter 19-7 of the Florida Administrative Code. These rules provide guidance and establish the general operating procedures for the administration of the Local Governments Surplus Funds Trust Fund. Additionally, the Office of the Auditor General performs the operational audit of the activities and investments of the State Board of Administration. The Local Government Surplus Funds Trust Fund is not a registrant with the Securities and Exchange Commission (SEC); however, the board has adopted operating procedures consistent with the requirements for a 2a-7 fund.

The Florida Municipal Investment Trust (FMIT) administered by the Florida League of Cities is a Local Government Investment Pool, and therefore considered an external investment pool for GASB reporting requirements. The City invests in the One to Three Year High-Quality Bond Portfolio AND The Enhanced Cash Portfolio money market fund. Shares of the portfolio are neither insured nor guaranteed by any U.S. Government agency, including the FDIC.

2 - DEPOSITS AND INVESTMENTS (Continued)**Investments** (Continued)

Funds are held for the City's pension plans in the Florida Municipal Pension Trust Fund (FMPTF), administered by the Florida League of Cities. The program was established for the purpose of collectively managing individually designed pension plans of participating Florida municipalities. The Fund operates as a non-profit, tax-exempt entity that provides investment and administrative services for eligible governmental agencies in Florida. Any agency or political subdivision in the State of Florida is eligible to participate. Each participating entity must agree to abide by the terms, duties, rights, and obligations as set forth in the Trust Joinder Agreement and the Master Trust Agreement of the Florida Municipal Pension Trust Fund. Pension plan assets are invested by the FMPTF through the FMIT. The Fund invests in a wide variety of domestic securities to pursue the highest possible return, but with reduced risk because of broad diversification. Shares of the portfolio are neither insured nor guaranteed by any U.S. Government agency, including the FDIC.

A reconciliation of deposits and investments as shown on the statement of net assets and statement of fiduciary net assets for the City is as follows:

By category:

Cash and cash equivalents	\$ 838,124
Investments	25,250,119
<u>Total deposits and investments</u>	<u>\$26,088,243</u>

Presented in the statement of net assets:

Cash and cash equivalents	\$ 838,124
Investments	20,082,831
Total statement of net assets	20,920,955

Presented in the statement of fiduciary net assets:

Investments	5,167,288
<u>Total deposits and investments</u>	<u>\$26,088,243</u>

As of September 30, 2006, the City had the following investments. Except for the Florida Municipal Pension Trust Pool, all investments are held in an internal investment pool.

	Weighted Average <u>Maturity</u>	<u>Fair Value</u>
Investment in:		
State Board of Administration Investment Pool	32 days	\$19,001,904
Florida Municipal Investment Trust Pool	1.1 years	1,080,927
Florida Municipal Pension Trust Pool	N/A	5,167,288
		<u>\$25,250,119</u>

2 - DEPOSITS AND INVESTMENTS (Continued)

Credit Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The City's investment policies limit its investments to high quality investments to control credit risk. As of September 30, 2006, the three pools the City invests in were not rated. However, the City's investment in the Florida Municipal Investment Trust Pool consisted of \$563,608 in the One to Three Year High-Quality Bond Portfolio which is rated AAA/V2 by Fitch Ratings and \$517,319 in the Enhanced Cash Portfolio money market fund which is rated AA+ by S&P.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City does not have a formal investment policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

3 - RECEIVABLES

The City's receivable as of September 30, 2006 are as follows:

Accounts receivable	\$1,214,458
Grants receivable	60,492
<u>Assessments receivable</u>	<u>24,692</u>
Total receivables	1,299,642
<u>Less allowance for uncollectibles</u>	<u>(92,000)</u>
<u>Net total revenues</u>	<u>\$1,207,642</u>

4 - INTERFUND TRANSACTIONS

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Fund	\$ 90
Nonmajor Governmental Fund	General Fund	237
<u>Nonmajor Governmental Fund</u>	<u>New Growth Fund</u>	<u>16,493</u>
		<u>\$16,820</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

4 - INTERFUND TRANSACTIONS (Continued)

The following is a summary of interfund transfers for the year ended September 30, 2006:

Fund	Transfers In	Transfers Out
Major Fund:		
General Fund	\$ -	\$4,740,494
New Growth Fund	1,300,000	-
Parks & Recreation Fund	460,000	-
Nonmajor funds in the aggregate	2,980,494	-
Total interfund transfers	\$4,740,494	\$4,740,494

Transfers to the nonmajor funds include \$60,494 transferred to the C.A.R.E.S. special revenue fund for the school-aged child care community programs, \$2,310,000 to the Reconstruction and Maintenance capital projects fund for capital improvements, \$200,000 to the Fire Safety debt service fund for principal and interest payments on the Revenue Refunding Note, Series 2004B and \$410,000 to the 2004 Revenue Bond debt service fund for principal and interest payments on the Public Improvement Note, Series 2004A. The transfers into the general fund were to close out debt service funds.

5 - CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2006, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 6,333,740	\$ 18,728	\$ -	\$ 6,352,468
Construction in progress	683,050	3,676,615	-	4,359,665
Total assets not being depreciated	7,016,790	3,695,343	-	10,712,133
Capital assets being depreciated:				
Buildings	6,285,703	73,415	-	6,359,118
Improvements other than buildings	6,004,858	38,034	-	6,042,892
Furniture, fixtures, and equipment	3,279,163	389,233	(392,198)	3,276,198
Vehicles	3,839,126	212,083	(131,446)	3,919,763
Infrastructure	577,133	12,890	-	590,023
Total assets being depreciated	19,985,983	725,655	(523,644)	20,187,994
Less accumulated depreciation for:				
Buildings	(4,304,212)	(231,684)	-	(4,535,896)
Improvements other than buildings	(2,412,380)	(446,690)	-	(2,859,070)
Furniture, fixtures, and equipment	(2,383,091)	(296,623)	334,590	(2,345,124)
Vehicles	(2,119,411)	(347,670)	118,194	(2,348,887)
Infrastructure	(15,700)	(29,071)	-	(44,771)
Accumulated depreciation	(11,234,794)	(1,351,738)	452,784	(12,133,748)
Total assets being depreciated, net	8,751,189	(626,083)	(70,860)	8,054,246
Capital assets, net	\$ 15,767,979	\$3,069,260	\$ (70,860)	\$18,766,379

5 - CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General government	\$ 80,441
Public safety	588,280
Transportation	87,522
Culture/parks and recreation	536,012
Physical environment	59,483
	<u>\$1,351,738</u>
<u>Total depreciation expense</u>	<u>\$1,351,738</u>

There were \$6,409,925 of fully depreciated assets at September 30, 2006.

6 - LONG-TERM DEBT

Changes in Long-Term Liabilities

The following changes occurred in long-term liabilities during the year ended September 30, 2006:

	Balance October 1, 2005	Additions	Deletions	Balance September 30, 2006	Due Within One Year
Public Improvement Note 2004A	\$5,316,698	\$ -	\$ 190,768	\$5,125,930	\$ 198,539
Revenue Refunding Note 2004B	1,157,760	-	179,378	978,382	184,604
Compensated Absences	1,025,907	764,684	611,506	1,179,085	572,230
	<u>\$7,500,365</u>	<u>\$ 764,684</u>	<u>\$ 981,652</u>	<u>\$7,283,397</u>	<u>\$ 955,373</u>

Public Improvement Note, Series 2004A

The Public Improvement Note, Series 2004A was issued in September 2004 in the amount of \$5,500,000 for the purpose of financing the construction of a new public works facility and municipal complex. The interest rate of the note is 4.0325%. Principal and interest are payable in semi-annual installments of \$201,630 beginning March 29, 2005, with a final payment due September 29, 2024. The note is payable from the City's legally available non-ad valorem revenues. In the event that the City makes any optional prepayment of principal and/or interest, the City must make a prepayment premium based on various elements such as discount rate, prepayment date, etc. The City shall also pay any customary administrative fees in connection with prepayment.

6 - LONG-TERM DEBT (Continued)**Changes in Long-Term Liabilities** (Continued)**Public Improvement Note, Series 2004A** (Continued)

The annual debt service requirements to amortize the Series 2004A note are as follows:

<u>Year Ending September 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 198,539	\$ 204,721	\$ 403,260
2008	206,625	196,635	403,260
2009	215,041	188,219	403,260
2010	223,800	179,460	403,260
2011	232,916	170,344	403,260
2012-2016	1,314,855	701,446	2,016,301
2017-2021	1,605,356	410,944	2,016,300
2022-2026	1,128,798	80,983	1,209,781
	<u>\$5,125,930</u>	<u>\$2,132,752</u>	<u>\$ 7,258,682</u>

Revenue Refunding Note, Series 2004B

The Revenue Refunding Note, Series 2004B was issued in September 2004 in the amount of \$1,335,000 for the purpose of refunding the City's Revenue Bonds, Series 2001. The interest rate of the note is 2.913%. Principal payments are due annually on September 1. Payments of accrued interest are due semi-annually in arrears on March 1 and September 1 beginning March 1, 2005 and ending on September 1, 2011. The note is payable from a public service tax imposed on the purchase of water, natural gas, and propane gas in the City. The principal amount of this note may be prepaid, in whole or in part, at any time provided that the City pays a prepayment premium, determined by various factors, to the bank and provides the bank with at least one week written notice of intended payment.

The annual debt service requirements to amortize the Series 2004B note are as follows:

<u>Year Ending September 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 184,604	\$ 28,504	\$ 213,108
2008	189,981	23,126	213,107
2009	195,515	17,591	213,106
2010	201,211	11,895	213,106
2011	207,071	6,033	213,104
	<u>\$978,382</u>	<u>\$ 87,149</u>	<u>\$1,065,531</u>

6 - LONG-TERM DEBT (Continued)

Changes in Long-Term Liabilities (Continued)

Compensated Absences

City employees are granted a specific amount of vacation and sick leave time off with pay. Employees can accumulate up to 240 hours of vacation time (320 hours per contract for the City Manager) and 960 hours sick leave.

Vacation leave can be paid in full upon separation after one full year of service. Sick leave can be paid in full upon separation after ten years of service, with the exception of bargaining unit employees hired after June 28, 2000. These employees receive a percentage of the total sick leave payout based on the number of completed years of service and will receive the total sick leave balance only at normal retirement.

7 - FLORIDA RETIREMENT SYSTEM

Plan Description

All full-time employees hired before January 1, 1996, are eligible to participate in the Florida Retirement System (FRS), a cost sharing, multiple-employer, public retirement system controlled by the State Legislature and administered by the State of Florida Department of Administration, Division of Retirement. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A post-employment health insurance subsidy is also provided to eligible employees.

Benefits are established by Chapter 121, Florida Statutes, and Chapter 22B, Florida Administrative Code. Amendments to the law can only be made by an act of the Florida Legislature.

The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report was for the fiscal year ended June 30, 2005. That report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, 2639-C North Monroe Street, Tallahassee, FL 32399-1560.

Funding Policy

Participating employers are required to make contributions based upon statewide contribution rates. The contribution rates by job class for the City's employees at September 30, 2006, were as follows: regular employees 10.17% and special risk employees 22.25%.

The City's contributions to the FRS for the fiscal years ending September 30, 2004 through 2006 were \$400,997, \$378,972 and \$364,954 respectively, which were equal to the required contributions for each fiscal year.

NOTE 8 - EMPLOYEE RETIREMENT PLANS

The following brief descriptions of the Retirement Plans are provided for general information purposes only. Participants should refer to the Plan documents for more complete information.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Public Employee Retirement Systems (PERS) financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with terms of the Plan.

Method Used to Value Investments

Investments of the pension trust funds are reported at fair value. Net appreciation in fair value of investments includes realized and unrealized gains and losses.

Plan Descriptions

The City, as a single employer, maintains two public employee retirement systems pension plans covering substantially all employees hired after January 1, 1996: the City of Greenacres General Employees Retirement Plan and the City of Greenacres Public Safety Officers and Firefighters Retirement Plan.

General Employees Retirement Plan

The City of Greenacres General Employees Retirement Plan is a defined contribution pension plan. Defined contribution plans have terms that specify how contributions to an individual's account are to be determined rather than the amount of pension benefits the individual is to receive. In a defined contribution plan, the pension benefits a participant will receive depend only on the amount contributed to the participant's account, earnings on investments of these contributions, and forfeitures of other participants' benefits that may be allocated to the participant's account. Under the terms of the Plan agreement, all forfeitures are credited to the City. Plan assets are not considered the City's assets; therefore, they are not included in the City's basic financial statements. The Plan does not issue a stand alone financial report.

The City is required to contribute 5% of annual covered payroll to the 401(a) plan. Plan members may make voluntary contributions to the 457(b) plan of amounts up to 100% of compensation, including bonuses and overtime, up to the maximum annual contribution allowed by law. If the City makes matching contributions, the amount of matching contributions in a plan year will be 100% of each member's contributions up to 2.5% of the member's compensation. Employer and member contributions for the year ended September 30, 2006, were \$179,471 and \$116,249 respectively, which were equal to the required contributions.

8 - EMPLOYEE RETIREMENT PLANS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Employees Retirement Plan (Continued)

Vesting of the City's contributions in the 401(a) plan commences after two years of certified service, with 20% vesting in year two and 20% each year thereafter until fully vested after six years. If an employee terminates before becoming fully vested, forfeited amounts will be used to reduce future City contributions. Certified service begins upon an eligible employee successfully completing probation. Plan provisions and contribution requirements are established and may be amended by the City Council.

Public Safety Officers and Firefighters Retirement Plan

The City of Greenacres Public Safety Officers and Firefighters Retirement Plan (the Plan") is a single employer defined benefit pension plan established by the City in accordance with Florida Statutes, Chapters 175 and 185, to provide retirement, disability, annual cost-of-living adjustments, and death benefits to public safety officers and firefighters hired on or after January 1, 1996. The plan administrator is the Florida League of Cities, Inc. This Plan is considered to be part of the City's financial reporting entity and is recorded as a Pension Trust Fund. The Plan does not issue a stand alone financial report.

The Plan was amended on March 7, 2005 to shorten the vesting period, reduce the required employee contributions, reduce the City's required contributions, and increase the on-behalf payments from the State of Florida. The amendments were enacted by Ordinances 2005-01 and 2005-02 adopted by the City Council and unanimously recommended by the Board of Trustees for the Plan.

Plan members who complete 6 or more years of credited service and attain age 55 or complete 25 years of credited service, regardless of age, are eligible for normal retirement benefits. Early retirement may be taken any time after vesting. Benefits vest after six years of credited service.

The monthly retirement benefit is equal to the number of years of credited service multiplied by 3% of average final compensation. Average final compensation means 1/12 of the average annual compensation of the five best years of the last ten years of credited service prior to retirement. In the event of early retirement, benefits are reduced a maximum of 3% for each year before the normal retirement date. As of October 1, 2004, the date of the latest actuarial valuation, Plan membership consisted of 52 active employees.

Funding Policy

Funding for the Plan consists of contributions from members, the State of Florida, and the City. Plan members are required to contribute 4.0% of their annual covered compensation. The City is required to contribute the remaining amount to fund the Plan using the Aggregate Actuarial Cost Method. Plan provisions and contribution rates may be amended by the City Council based upon the recommendations of the Board of Trustees, subject to the minimum requirements of Florida Statutes. The Florida Constitution requires local governments to make the actuarially determined contribution. The Florida Division of Retirement reviews and approves each local government's

8 - EMPLOYEE RETIREMENT PLANS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

actuarial report prior to its being appropriated for use for funding purposes. Additionally, the State collects locally authorized insurance premium surcharges which can only be distributed after the State has ascertained that the local government has met its actuarial funding requirement for the then most recently completed fiscal year. Contributions to the Plan from the State of Florida totaled \$259,016 during the fiscal year ended September 30, 2006.

Annual Pension Cost and Net Pension Obligation

The Plan began operations on January 1, 1996. The first actuarial valuation was prepared for data as of October 1, 1997. The date of the latest actuarial valuation was October 1, 2006. GASB 27 was implemented at the inception of the Plan. The annual pension cost and actual contributions for the year ended September 30, 2006, were as follows:

Annual pension cost	\$512,744
City contributions	228,893
Participant contributions	123,701
State contribution	259,016

	<u>Three-Year Trend Information</u>		
	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2004	\$403,887	100.00%	\$ -
2005	488,993	100.00%	-
2006	512,744	100.00%	-

Additional information as of the latest actuarial valuation follows:

Valuation date	10/1/06
Actuarial cost method	Aggregate
Amortization method	(1)
Remaining amortization period	(1)
Asset valuation method	Market
Administrative costs	Included in calculation of normal cost
Actuarial assumptions:	
Investment rate of return*	7.50%
Projected salary increase*	5.00% - 8.00%
*Includes inflation at	3.75%
Cost of living adjustments	N/A

(1) When the aggregate actuarial cost method is used, unfunded actuarial liabilities are not identified or separately amortized.

9 - ON-BEHALF PAYMENTS

The State of Florida makes a contribution to the Public Safety Officers and Firefighters Retirement Plan from the Casualty Insurance Premium Tax and the Fire Insurance Premium Tax. For the fiscal year ended September 30, 2006, \$259,016 was recorded as revenues and expenditures in the General Fund relating to on-behalf payments received from the state.

10 - 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; injuries to employees; and natural disasters. The City continues to purchase insurance through the Florida Municipal Insurance Trust, a non-assessable pool, and commercial sources to cover the various risks. Retention of risks is limited to excess of those that are insured, those risks that are uninsurable, and deductibles ranging from \$100 to \$500 per occurrence. As a member of the Florida Municipal Insurance Trust with the Florida League of Cities, the responsibility of the City is to pay those premiums charged by the non-assessable pool for property, liability and workers compensation coverages. The pool is responsible for paying all claims incurred by the City, less deductibles ranging from \$100 to \$500. The City may terminate the membership based on a 60 days notice to the pool. All pool policies are on an occurrence basis.

Major uninsurable risks include damage to infrastructure assets. Since the amount of loss cannot be reasonably estimated and the likelihood of occurrence is not determinable, no provision for losses is reflected in the financial statements. There were no settled claims which exceeded insurance coverage during the past three fiscal years.

11 - COMMITMENTS

At September 30, 2006 the City had entered into an agreement for the construction for a new municipal complex. The commitment is summarized below.

Total Commitment	\$ 7,684,923
Less Amount Expended <u>at September 30, 2006</u>	<u>(3,410,581)</u>
<u>Balance at September 30, 2006</u>	<u>\$ 4,274,342</u>

Required Supplementary Information
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
General Fund

Fiscal Year Ended September 30, 2006	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes				
Ad valorem taxes:				
Current	\$ 8,215,853	\$ 8,215,853	\$ 8,326,242	\$ 110,389
Delinquent	20,000	20,000	14,324	(5,676)
Total ad valorem taxes	8,235,853	8,235,853	8,340,566	104,713
Franchise fees:				
Electric	1,273,080	1,273,080	1,794,174	521,094
Gas	13,000	13,000	55,351	42,351
Garbage	63,885	63,885	60,474	(3,411)
Total franchise fees	1,349,965	1,349,965	1,909,999	560,034
Public service taxes:				
Electric	1,547,575	1,547,575	1,668,713	121,138
Telecommunications	1,463,036	1,463,036	1,502,860	39,824
Water	290,687	290,687	268,022	(22,665)
Gas	50,265	50,265	47,260	(3,005)
Propane gas	23,690	23,690	41,647	17,957
Total public service taxes	3,375,253	3,375,253	3,528,502	153,249
Local option gas tax	408,678	408,678	387,706	(20,972)
Total taxes	13,369,749	13,369,749	14,166,773	797,024
Licenses and permits:				
Occupational	243,500	243,500	280,383	36,883
Building permits	800,000	800,000	960,225	160,225
Electrical permits	15,000	15,000	19,201	4,201
Plumbing permits	35,000	35,000	81,740	46,740
Mechanical permits	20,000	20,000	32,903	12,903
Rental property license fee	36,500	36,500	32,856	(3,644)
Other	5,000	5,000	4,752	(248)
Total licenses and permits	1,155,000	1,155,000	1,412,060	257,060
Intergovernmental revenues:				
State revenue sharing	1,091,085	1,091,085	1,066,243	(24,842)
Mobile home license	12,000	12,000	10,329	(1,671)
Alcoholic beverage license	11,000	11,000	13,296	2,296
Half-cent sales tax	2,241,127	2,241,127	2,423,775	182,648
Motor fuel tax rebate	10,000	10,000	10,899	899
Grants	78,200	78,200	506,776	428,576
Other	146,700	146,700	407,327	260,627
Total intergovernmental	3,590,112	3,590,112	4,438,645	848,533

(Continued)

Required Supplementary Information
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
General Fund
(Continued)

Fiscal Year Ended September 30, 2006	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues (Continued):				
Charges for services:				
Solid waste fees	\$ 862,078	\$ 862,078	\$ 878,207	\$ 16,129
Zoning fees	62,554	62,554	80,298	17,744
Administrative fees	51,525	51,525	56,362	4,837
Sales of documents	37,200	37,200	34,184	(3,016)
Leisure programs	206,100	206,100	153,082	(53,018)
Security services	33,900	33,900	89,200	55,300
Ambulance transport	1,050,078	1,050,078	1,040,021	(10,057)
Other	41,200	41,200	41,875	675
Total charges for services	2,344,635	2,344,635	2,373,229	28,594
Fines and forfeitures:				
Judgments and fines	101,100	101,100	107,613	6,513
Violations of local ordinances	16,000	16,000	14,001	(1,999)
Other	500	500	500	-
Total fines and forfeitures	117,600	117,600	122,114	4,514
Interest:				
Bank	100	100	325	225
State Board of Administration	90,000	90,000	368,463	278,463
Tax collector interest	3,000	3,000	12,178	9,178
Total interest	93,100	93,100	380,966	287,866
Special assessments	15,000	15,000	10,547	(4,453)
Contributions	1,350	1,350	2,856	1,506
Sales of surplus materials	30,000	30,000	11,638	(18,362)
Rental fees	20,001	20,001	27,287	7,286
Miscellaneous:				
Vending machine royalties	4,000	4,000	3,504	(496)
Refunds - prior year	3,000	3,000	890	(2,110)
Insurance proceeds	2,000	2,000	59,703	57,703
Other	100,140	100,140	84,883	(15,257)
Total miscellaneous	109,140	109,140	148,980	39,840
Total revenues	\$ 20,845,687	\$ 20,845,687	\$ 23,095,095	\$ 2,249,408

(Continued)

Required Supplementary Information
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
General Fund
(Continued)

Fiscal Year Ended September 30, 2006	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
General government:				
Administrative:				
City manager	\$ 421,162	\$ 419,916	\$ 392,725	\$ 27,191
Mayor and City Council	184,475	184,475	144,699	39,776
Legal counsel	134,391	134,391	104,506	29,885
Human resources	497,369	497,369	518,602	(21,233)
City clerk	158,250	158,250	142,386	15,864
Total administration	1,395,647	1,394,401	1,302,918	91,483
Finance:				
Administration	283,798	283,798	267,843	15,955
Financial operations	408,667	408,667	378,033	30,634
Purchasing	144,785	144,502	108,143	36,359
Information technology	524,428	522,237	371,213	151,024
Total finance	1,361,678	1,359,204	1,125,232	233,972
Planning and development	582,871	510,919	509,943	976
Contingency	100,000	166,561	404,817	(238,256)
Total general government	3,440,196	3,431,085	3,342,910	88,175
Public safety:				
Administration	451,824	451,824	512,252	(60,428)
Training and special services	275,741	279,554	238,804	40,750
Uniform patrol	3,479,610	3,482,095	3,039,654	442,441
Investigation	893,227	892,582	705,753	186,829
EMS	3,247,202	3,247,911	3,183,885	64,026
Support services	1,062,385	1,062,385	940,968	121,417
Protective inspections	829,147	829,101	797,003	32,098
Total public safety	10,239,136	10,245,452	9,418,319	827,133
Transportation:				
Public works administration	245,334	245,334	242,073	3,261
Streets and grounds maintenance	665,905	669,822	598,813	71,009
Vehicle maintenance	472,174	472,174	518,899	(46,725)
Total transportation	1,383,413	1,387,330	1,359,785	27,545
Culture/recreation (leisure services):				
Administration	159,623	159,538	154,007	5,531
Parks and grounds maintenance	517,128	516,239	445,438	70,801
Recreation services	360,762	362,814	345,099	17,715
Community center	307,062	307,062	250,908	56,154
Total culture/recreation	1,344,575	1,345,653	1,195,452	150,201
Physical environment:				
Engineering	-	90	90	-
Building services	532,924	534,341	512,430	21,911
Solid waste collection and disposal*	865,513	865,513	873,661	(8,148)
Total physical environment	1,398,437	1,399,944	1,386,181	13,763
Capital outlay (all departments and functions)	74,230	84,616	101,439	(16,823)
Total expenditures	\$ 17,879,987	\$ 17,894,080	\$ 16,804,086	\$ 1,089,994

*Contract with Onyx Waste Services of Florida, Inc.

Required Supplementary Information
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
General Fund
(Continued)

Fiscal Year Ended September 30, 2006	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Excess (deficiency) of revenues over (under) expenditures	2,965,700	2,951,607	6,291,009	3,339,402
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(4,740,494)	(4,740,494)	(4,740,494)	-
Total other financing sources (uses)	(4,740,494)	(4,740,494)	(4,740,494)	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (1,774,794)</u>	<u>\$ (1,788,887)</u>	1,550,515	<u>\$ 3,339,402</u>
Beginning fund balance			<u>7,870,296</u>	
Ending fund balance			<u>\$ 9,420,811</u>	

Notes to the Budgetary Required Supplementary Information
General Fund

September 30, 2006

1. BUDGETARY ACCOUNTING

As required by GASB Statement No. 34, a budgetary comparison schedule is presented for the general fund. The procedures for establishing budgetary data reflected in the budgetary comparison schedule are as follows:

- ❖ Approximately July 1, the City Manager submits to the City Council a proposed operating budget prepared for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- ❖ Public hearings are conducted to obtain taxpayer comments.
- ❖ The City advises the County Property Appraiser of the proposed millage rate and the date, time and place of the public hearing for budget acceptance.
- ❖ Prior to October 1, the budget is legally enacted through passage of an ordinance.
- ❖ Appropriations are legally controlled at the departmental level and expenditures may not legally exceed budgeted appropriations at that level. Management is authorized to transfer budgeted line items within departments. Changes or amendments to the budget that alter departmental totals must be approved by the City Council. Accordingly, the legal level of budgetary control is at the departmental level.
- ❖ Formal budgetary integration is employed within the accounting system as a management control device.
- ❖ Budgets are adopted on a basis consistent with generally accepted accounting principles.

Notes to the Budgetary Required Supplementary Information
General Fund

September 30, 2006

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Encumbrance accounting is used for purposes of budgetary control and contract compliance. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Because appropriations expire at year end, even if encumbered, it is the City's policy to reappropriate such amounts at the beginning of the next fiscal year. Encumbrances outstanding at year end are reported as reservations of fund balances in the fund financial statements.

There were no departments that had an excess of expenditures over appropriations.

Required Supplemental Information
Public Safety Officers and Firefighters Retirement Plan

Fiscal Year Ended September 30, 2006

Schedule of Funding Progress

The Public Safety Officers and Firefighters Retirement Plan uses the aggregate actuarial cost method to determine contributions to the Plan. This method does not identify or separately amortize unfunded actuarial liabilities.

Schedule of Contributions from the
Employer and Other Contributing Entities

Fiscal Year Ended September 30	Annual Required Contribution	Percentage Contributed	Annual Pension Cost	Percentage Contributed
2001	\$ 189,100	100.0%	\$ 189,100	100.0%
2002	252,314	100.0%	252,314	100.0%
2003	343,390	100.0%	343,390	100.0%
2004	403,887	100.0%	403,887	100.0%
2005	488,993	100.0%	488,993	100.0%
2006	512,744	100.0%	512,744	100.0%

COMBINING AND INDIVIDUAL FUND STATEMENTS

Combining Balance Sheet - Nonmajor Governmental Funds

September 30, 2006	Special Revenue Funds			
	Forfeitures Fund	Arboreous Fund	Public Safety Donation Fund	After School Program Fund
Assets				
Investments, at fair value	\$ 59,387	\$ 51,614	\$ 10,846	\$ 74,043
Accounts receivable, net	-	-	-	50,285
Grants receivable, net	-	-	-	-
Due from other funds	-	-	-	-
Total assets	\$ 59,387	\$ 51,614	\$ 10,846	\$ 124,328
Liabilities and fund balances				
Liabilities:				
Accounts payable and other liabilities	\$ -	\$ -	\$ 590	\$ 6,521
Accrued payroll and related taxes	-	-	-	10,650
Due to other funds	-	-	-	90
Deferred revenue	-	-	-	4,810
Total liabilities	-	-	590	22,071
Fund balances:				
Reserved for:				
Encumbrances	-	-	-	4,289
Police equipment	59,387	-	-	-
Child care	-	-	-	97,968
Debt service	-	-	-	-
Unreserved, reported in:				
Special revenue funds	-	51,614	10,256	-
Capital projects funds	-	-	-	-
Total fund balance	59,387	51,614	10,256	102,257
Total liabilities and fund balance	\$ 59,387	\$ 51,614	\$ 10,846	\$ 124,328

Debt Service Funds		Capital Projects Fund		Total Nonmajor Governmental Funds
Fire Safety	Municipal Complex	Reconstruction and Maintenance		
\$ 80,092	\$ 28,722	\$ 2,067,602		\$ 2,372,306
-	-	-		50,285
-	-	340		340
-	-	16,730		16,730
<u>\$ 80,092</u>	<u>\$ 28,722</u>	<u>\$ 2,084,672</u>		<u>\$ 2,439,661</u>
\$ -	\$ -	\$ -		7,111
-	-	21,591		32,241
-	-	-		90
-	-	-		4,810
-	-	21,591		44,252
-	-	5,045		9,334
-	-	-		59,387
-	-	-		97,968
80,092	28,722	-		108,814
-	-	-		61,870
-	-	2,058,036		2,058,036
<u>80,092</u>	<u>28,722</u>	<u>2,063,081</u>		<u>2,395,409</u>
<u>\$ 80,092</u>	<u>\$ 28,722</u>	<u>\$ 2,084,672</u>		<u>\$ 2,439,661</u>

**Combining Statement of Revenues, Expenditures, and Changes
In Fund Balances - Nonmajor Governmental Funds**

Fiscal Year Ended September 30, 2006	Special Revenue Funds			
	Forfeitures Fund	Arboreous Fund	Public Safety Donation Fund	After School Program Fund
Revenues:				
Intergovernmental	\$	\$	\$	\$ 254,150
Charges for services	-	-	-	157,296
Fines and forfeitures	15,392	-	-	-
Interest	2,371	2,546	506	1,517
Contributions	-	11,813	1,585	5,675
Total revenues	17,763	14,359	2,091	418,638
Expenditures:				
Current:				
Culture/recreation	-	-	-	434,204
Capital outlay	5,323	8,776	1,195	5,432
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	5,323	8,776	1,195	439,636
Excess (deficiency) of revenues over (under) expenditures	12,440	5,583	896	(20,998)
Other financing sources (uses):				
Transfers in	-	-	-	60,494
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	60,494
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	12,440	5,583	896	39,496
Fund balances - beginning of year	46,947	46,031	9,360	62,761
Fund balances - end of year	\$ 59,387	\$ 51,614	\$ 10,256	\$ 102,257

Debt Service Funds		Capital Projects Fund	Total Nonmajor Governmental Funds
Fire Safety	Municipal Complex	Reconstruction and Maintenance	
\$	\$	\$ 32,131	\$ 286,281
-	-	-	157,296
-	-	-	15,392
9,865	10,379	87,868	115,052
-	-	-	19,073
9,865	10,379	119,999	593,094
-	-	-	434,204
-	-	403,039	423,765
179,378	190,768	-	370,146
33,726	212,471	-	246,197
213,104	403,239	403,039	1,474,312
(203,239)	(392,860)	(283,040)	(881,218)
200,000	410,000	2,310,000	2,980,494
-	-	-	-
200,000	410,000	2,310,000	2,980,494
(3,239)	17,140	2,026,960	2,099,276
83,331	11,582	36,121	296,133
\$ 80,092	\$ 28,722	\$ 2,063,081	\$ 2,395,409

Arboreous Special Revenue Fund
Schedule of Revenues and Expenditures - Budget and Actual

Fiscal Year Ended September 30, 2006	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Interest	\$ 200	\$ 2,546	\$ 2,346
Contributions	5,000	11,813	6,813
Grants	-	-	-
Total Revenues:	\$ 5,200	\$ 14,359	\$ 9,159
Expenditures:			
Operating Expenses	\$ 8,000	\$ 8,776	\$ (776)
Total Expenditures:	\$ 8,000	\$ 8,776	\$ (776)

Public Safety Donation Special Revenue Fund
Schedule of Revenues and Expenditures - Budget and Actual

Fiscal Year Ended September 30, 2006	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Interest	\$ 100	\$ 506	\$ 406
Contributions	3,000	1,585	(1,415)
Total Revenues:	\$ 3,100	\$ 2,091	\$ (1,009)
Expenditures:			
Operating Expenses	\$ 4,000	\$ 1,195	\$ 2,805
Total Expenditures:	\$ 4,000	\$ 1,195	\$ 2,805

**After School Program Special Revenue Fund
Schedule of Revenues and Expenditures - Budget and Actual**

Fiscal Year Ended September 30, 2006	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Intergovernmental	\$ 257,384	\$ 254,150	\$ (3,234)
Charges for services	153,445	157,296	3,851
Interest	-	1,517	1,517
Contributions	-	5,675	5,675
Total Revenues:	\$ 410,829	\$ 418,638	\$ 7,809
Expenditures:			
Culture/recreation	\$ 459,973	\$ 434,204	\$ 25,769
Capital outlay	5,463	5,432	31
Total Expenditures:	\$ 465,436	\$ 439,636	\$ 25,800

Fire Safety Debt Service Fund
Schedule of Revenues and Expenditures - Budget and Actual

Fiscal Year Ended September 30, 2006	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Interest	\$ -	\$ 9,865	\$ 9,865
Total Revenues:	\$ -	\$ 9,865	\$ 9,865
Expenditures:			
Debt Service:			
Principal	\$ 179,378	\$ 179,378	\$ -
Interest	33,730	33,726	4
Total Expenditures:	\$ 213,108	\$ 213,104	\$ 4

Municipal Complex Debt Service Fund
Schedule of Revenues and Expenditures - Budget and Actual

Fiscal Year Ended September 30, 2006	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Interest	\$ -	\$ 10,379	\$ 10,379
Total Revenues:	\$ -	\$ 10,379	\$ 10,379
Expenditures:			
Debt Service:			
Principal	\$ 190,768	\$ 190,768	\$ -
Interest	212,492	212,471	21
Total Expenditures:	\$ 403,260	\$ 403,239	\$ 21

New Growth Capital Projects Fund
Schedule of Revenues and Expenditures - Budget and Actual

Fiscal Year Ended September 30, 2006	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Intergovernmental	\$ 1,191,821	\$ 818,879	\$ (372,942)
Impact fees	197,082	600,714	403,632
Interest	60,000	323,310	263,310
Miscellaneous	-	99	99
Total Revenues:	\$ 1,448,903	\$ 1,743,002	\$ 294,099
Expenditures:			
Capital outlay	\$ 4,126,601	\$ 3,923,523	\$ 203,078
Total Expenditures:	\$ 4,126,601	\$ 3,923,523	\$ 203,078

Parks and Recreation Capital Projects Fund
Schedule of Revenues and Expenditures - Budget and Actual

Fiscal Year Ended September 30, 2006	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Intergovernmental	\$ 416,610	\$ 434,608	\$ 17,998
Impact fees	359,632	1,237,287	877,655
Interest	10,000	110,694	100,694
Rental income	134,800	164,000	29,200
Total Revenues:	\$ 921,042	\$ 1,946,589	\$ 1,025,547
Expenditures:			
Capital outlay	\$ 1,010,245	\$ 70,584	\$ 939,661
Total Expenditures:	\$ 1,010,245	\$ 70,584	\$ 939,661

Reconstruction and Maintenance Capital Projects Fund
Schedule of Revenues and Expenditures - Budget and Actual

Fiscal Year Ended September 30, 2006	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Intergovernmental	\$ 109,015	\$ 32,131	\$ (76,884)
Interest	1,000	87,868	86,868
Total Revenues:	\$ 110,015	\$ 119,999	\$ 9,984
Expenditures:			
Capital outlay	\$ 441,020	\$ 403,039	\$ 37,981
Total Expenditures:	\$ 441,020	\$ 403,039	\$ 37,981

Public Safety Officers and Firefighters Pension Plan Fund
Schedule of Expenditures - Budget and Actual

Fiscal Year Ended September 30, 2006	Budget	Actual	Variance - Positive (Negative)
Expenditures:			
Benefits	\$ -	\$ 26,381	\$ (26,381)
Administration	23,150	13,653	9,497
Total Expenditures:	\$ 23,150	\$ 40,034	\$ (16,884)

STATISTICAL SECTION

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends	
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. These schedules include:</i>	
Net Assets by Component.....	58
Changes in Net Assets.....	59
Fund Balances, Governmental Funds.....	60-61
Changes in Fund Balances, Governmental Funds.....	62-63
Revenue Capacity	
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	
Assessed Value and Actual Value of Taxable Property.....	64
Direct and Overlapping Property Tax Rates.....	65
Principal Property Tax Payers.....	66
Property Tax Levies and Collections.....	67
Debt Capacity	
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the Village's ability to issue additional debt in the future.</i>	
Ratios of Outstanding Debt by Type.....	68
Ratios of General Bonded Debt Outstanding.....	69
Direct and Overlapping Governmental Activities Debt.....	70
Legal Debt Margin Information.....	71
Pledged-Revenue Coverage.....	72
Demographic and Economic Information	
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Demographic and Economic Information.....	73
Principal Employers.....	74
Operating Information	
<i>These schedules contain service and infrastructure data to help understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	
Full-Time City Government Employees by Function/Program.....	75
Operating Indicators by Function/Program.....	76
Capital Asset Statistics by Function/Program.....	77

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

Schedule 1
Net Assets by Component
(Unaudited)

Fiscal Year Ended 9/30	2003	2004	2005	2006
Primary government - Governmental activities				
Invested in capital assets, net of related debt	\$ 13,733,266	\$ 13,766,688	\$ 13,927,169	\$ 13,616,882
Restricted	220,845	188,348	7,330,386	10,935,508
Unrestricted	4,369,674	6,419,983	2,411,964	7,583,456
Total primary government net assets	\$ 18,323,785	\$ 20,375,019	\$ 23,669,519	\$ 32,135,846

Note: Data not available prior to fiscal year 2003 implementation of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.
The city has no business-type activities.

Schedule 2
Changes in Net Assets
(Unaudited)

Fiscal Year Ended 9/30	2003	2004	2005	2006
Expenses				
Governmental activities:				
General government	\$ 2,697,863	\$ 2,651,973	\$ 3,454,422	\$ 3,605,207
Public Safety	9,297,049	9,327,155	9,745,475	9,986,194
Transportation	1,263,925	1,551,007	1,357,200	1,465,701
Culture/recreation	1,988,141	2,095,196	2,081,419	2,165,534
Physical environment	1,334,025	1,777,267	1,435,927	1,450,246
Interest on long term investments	92,222	76,342	256,928	245,757
Total primary government expenses	16,673,225	17,478,940	18,331,371	18,918,639
Program Revenues				
Governmental activities:				
Charges for Services	4,263,662	4,616,105	4,556,138	6,220,573
Operating Grants and Contributions	349,967	493,651	584,840	877,953
Capital Grants and Contributions	363,044	414,587	272,500	1,317,840
Total primary government program revenues	4,976,673	5,524,343	5,413,478	8,416,366
Net (Expense)/Revenue				
Governmental activities	(11,696,552)	(11,954,597)	(12,917,893)	(10,502,273)
Total primary government net expense	(11,696,552)	(11,954,597)	(12,917,893)	(10,502,273)
General Revenues and Other Changes in Net Assets				
Governmental activities				
Taxes				
Property taxes	5,072,771	5,881,539	6,919,977	8,340,566
Utility service taxes	3,109,389	3,129,143	3,300,570	3,528,502
Franchise fees based on gross receipts	1,189,054	1,238,976	1,341,265	1,909,999
Gas taxes	369,364	386,466	401,269	387,706
Grants and contributions not restricted to specific programs	2,728,749	3,060,459	3,351,262	3,490,017
Investment earnings	90,241	92,686	412,034	930,024
Miscellaneous revenues	188,505	216,562	401,442	381,786
Total general revenues	12,748,073	14,005,831	16,127,819	18,968,600
Change in Net Assets				
Governmental activities	1,051,521	2,051,234	3,209,926	8,466,327
Total primary government	\$ 1,051,521	\$ 2,051,234	\$ 3,209,926	\$ 8,466,327

Note: Data not available prior to fiscal year 2003 implementation of Governmental Accounting Standards Board Statement No. 34,
Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.
The City has no business-type activities.

Schedule 3

Fund Balances, Governmental Funds

(Modified accrual basis of accounting)

(Unaudited)

Fiscal Year Ended 9/30	1997	1998	1999	2000	2001
General Fund					
Reserved	\$ 94,861	\$ 52,991	\$ 135,186	\$ 113,380	\$ 82,541
Unreserved	1,672,968	2,393,661	3,045,276	3,665,053	4,165,790
Total general fund	\$ 1,767,829	\$ 2,446,652	\$ 3,180,462	\$ 3,778,433	\$ 4,248,331
All Other Governmental Funds					
Reserved	\$ 376,420	\$ 672,117	\$ 486,487	\$ 1,538,220	\$ 1,402,961
Unreserved, reported in:					
Special revenue funds	45,502	51,205	64,170	23,511	61,318
Capital projects funds	594,096	520,157	745,611	82,353	1,852,039
Debt service funds	22,643	5,292	74,875	568,928	145,912
Total all other governmental funds	\$ 1,038,661	\$ 1,248,771	\$ 1,371,143	\$ 2,213,012	\$ 3,462,230

Note: Data not available prior to fiscal year 2003 implementation of Governmental Accounting Standards Board

Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

Schedule 3 (continued)
Fund Balances, Governmental Funds
 (Modified accrual basis of accounting)
 (Unaudited)

2002	2003	2004	2005	2006
\$ 61,959	\$ 60,987	\$ 145,814	\$ 202,033	\$ 201,043
3,381,510	4,505,802	5,874,845	7,668,263	9,219,768
<u>\$ 3,443,469</u>	<u>\$ 4,566,789</u>	<u>\$ 6,020,659</u>	<u>\$ 7,870,296</u>	<u>\$ 9,420,811</u>
\$ 724,492	\$ 728,740	\$ 985,649	\$ 6,817,305	\$ 4,940,452
9,992	32,922	44,074	55,391	61,870
368,389	100,479	5,592,995	503,721	5,928,855
-	-	80,001	-	-
<u>\$ 1,102,873</u>	<u>\$ 862,141</u>	<u>\$ 6,702,719</u>	<u>\$ 7,376,417</u>	<u>\$ 10,931,177</u>

Schedule 4

Changes in Fund Balances, Governmental Funds

(Modified accrual basis of accounting)

(unaudited)

Fiscal Year Ended 9/30	1997	1998	1999	2000	2001
Revenues					
Taxes	\$ 6,727,625	\$ 6,763,123	\$ 7,853,719	\$ 7,638,848	\$ 8,221,701
Licenses and permits	608,174	854,695	898,930	1,087,317	1,016,996
Intergovernmental	2,450,175	2,865,702	3,408,225	3,109,350	3,106,122
Charges for services	1,268,361	1,367,397	1,236,898	1,392,878	1,455,503
Fines and forfeitures	118,133	95,415	115,037	116,810	127,586
Impact fees	150,887	584,531	108,487	100,311	125,334
Interest	273,183	247,308	281,029	420,715	409,117
Special assessments	46,312	57,696	36,371	35,208	34,804
Contributions	32,690	21,264	17,758	6,372	13,061
Sales of surplus materials	27,419	46,124	29,690	605,114	24,809
Rental income		48,000	72,000	65,797	59,324
Miscellaneous revenues	14,484	14,826	94,738	14,112	35,062
Total revenues	11,717,443	12,966,081	14,152,882	14,592,832	14,629,419
Expenditures					
General government	1,529,167	1,659,229	1,796,797	1,932,673	2,259,138
Public Safety	5,338,624	5,535,310	5,673,010	5,628,147	6,461,310
Transportation	1,014,331	916,481	977,576	989,134	1,099,042
Culture/Recreation	878,970	906,602	1,036,320	1,143,111	1,327,894
Physical environment	1,162,919	1,279,258	1,207,402	1,242,878	1,218,055
Capital outlay	973,301	1,422,789	2,295,616	1,849,066	2,477,368
Debt service					
Principal	307,500	252,500	227,137	304,289	316,384
Interest	202,137	104,979	84,625	63,694	52,285
Other debt service costs	1,292,953	-	11,000	-	6,500
Total expenditures	12,699,902	12,077,148	13,309,483	13,152,992	15,217,976
Excess of revenues over (under) expenditures	(982,459)	888,933	843,399	1,439,840	(588,557)
Other Financing Sources (Uses)					
Transfers in	907,787	556,626	1,173,262	1,965,455	1,449,523
Transfers out	(907,787)	(556,626)	(1,173,262)	(1,965,455)	(1,449,523)
Refunding bonds proceeds	-	-	1,965,429	-	-
Payment on refunded bonds	-	-	(1,925,000)	-	-
Net proceeds	-	-	-	-	1,762,000
Total other financing sources (uses)	-	-	40,429	-	1,762,000
Net Change in fund balances	(982,459)	888,933	883,828	1,439,840	1,173,443
Fund balances - beginning, as restated	3,788,949	2,806,490	3,667,777	4,551,605	6,537,118
Fund balance - ending	\$ 2,806,490	\$ 3,695,423	\$ 4,551,605	\$ 5,991,445	\$ 7,710,561
Debt services (principal & interest) as a percentage of non-capital expenditures	5.14%	3.47%	2.92%	3.36%	2.98%

Note: Beginning fund balance restated: 1999 - to adjust for prior year deposit of future impact fees.
2001 - Accounting changes made to comply with GASB Statement No. 33.
2005 - Adjusted to eliminate FEMA grant revenues recorded in prior year.

Schedule 4 (continued)
Changes in Fund Balances, Governmental Funds
 (Modified accrual basis of accounting)
 (unaudited)

	2002	2003	2004	2005	2006
\$	8,668,419	\$ 9,740,578	\$ 10,636,124	\$ 11,963,080	\$ 14,166,773
	1,070,278	1,616,972	1,261,603	1,242,119	1,412,060
	3,309,268	3,443,306	4,045,416	4,694,599	5,978,413
	1,688,496	2,247,315	2,446,893	2,501,932	2,530,525
	89,450	101,504	135,488	189,988	137,506
	499,622	286,679	571,506	327,722	1,838,001
	152,618	90,241	92,687	412,034	930,022
	29,809	19,068	15,318	16,801	10,547
	60,332	26,571	18,459	14,796	21,929
	27,438	44,937	29,695	20,845	11,638
	40,539	64,670	92,201	160,661	191,287
	13,795	141,744	222,967	170,172	149,079
	<u>15,650,064</u>	<u>17,823,585</u>	<u>19,568,357</u>	<u>21,714,749</u>	<u>27,377,780</u>
	2,404,839	2,536,410	2,846,270	3,104,802	3,342,910
	7,151,068	8,322,436	8,848,065	9,105,071	9,418,319
	1,117,702	1,183,020	1,308,203	1,271,357	1,359,785
	1,477,566	1,504,012	1,583,275	1,566,202	1,629,656
	1,302,286	1,320,588	1,367,842	1,368,557	1,386,181
	4,772,493	1,486,146	1,232,574	1,955,359	4,519,311
	471,430	491,114	511,627	451,526	370,146
	116,899	97,271	76,774	254,537	246,197
	-	-	-	-	-
	<u>18,814,283</u>	<u>16,940,997</u>	<u>17,774,630</u>	<u>19,077,411</u>	<u>22,272,505</u>
	(3,164,219)	882,588	1,793,727	2,637,338	5,105,275
	2,460,592	677,844	645,896	2,512,829	4,740,494
	(2,460,592)	(677,844)	(645,896)	(2,512,829)	(4,740,494)
	-	-	(1,334,279)	-	-
	-	-	6,835,000	-	-
	-	-	<u>5,500,721</u>	-	-
	(3,164,219)	882,588	7,294,448	2,637,338	5,105,275
	<u>7,710,561</u>	<u>4,546,342</u>	<u>5,428,930</u>	<u>12,609,375</u>	<u>15,246,713</u>
\$	<u>4,546,342</u>	\$ <u>5,428,930</u>	\$ <u>12,723,378</u>	\$ <u>15,246,713</u>	\$ <u>20,351,988</u>
	4.37%	3.96%	3.69%	4.30%	3.60%

Schedule 5
Assessed Value and Actual Value of Taxable Property
(Unaudited)

Fiscal Year Ended 9/30	Residential Property	Commercial Property	Industrial Institutional Property	Total Taxable Assessed Value	Total Direct Tax Rate	Total Actual Just Value
1997				\$ 600,328,249	23.60	784,277,463
1998				620,219,288	23.74	814,586,660
1999				647,744,038	23.64	853,282,882
2000				698,352,805	22.83	912,159,860
2001				736,702,524	22.65	975,187,033
2002				813,934,257	22.19	1,090,427,323
2003				911,439,077	22.29	1,227,193,824
2004				1,052,736,724	22.17	1,457,055,900
2005	1,238,100,783	229,575,074	20,641,497	1,488,317,354	21.88	2,172,024,799
2006	1,601,142,281	283,864,664	23,426,200	1,908,433,145	21.49	2,925,767,890

Source: Palm Beach County Property Appraiser's Office

Note: Detail values by property class available from the Palm Beach County Property Appraiser's Office starting in FY 2005

Schedule 6

Direct and Overlapping Property Tax Rates

(unaudited)

Fiscal Year Ended 9/30	Greenacres		Overlapping Rates (1)							Total
	General Fund	Debt Service Fund	Palm Beach County	Palm Beach County Library System	Palm Beach County School Board	Children's Services Council	Palm Beach County Health Care District	South Florida Water Management District	FIND(2) And Everglades	
1998	5.90	0.56	4.87	0.50	9.56	0.45	1.16	0.70	0.05	23.74
1999	5.79	0.56	4.86	0.52	9.68	0.44	1.05	0.70	0.05	23.64
2000	5.58	0.55	4.95	0.52	9.05	0.47	0.98	0.70	0.04	22.83
2001	5.57	0.52	4.94	0.54	8.92	0.50	1.03	0.60	0.04	22.65
2002	5.30	0.47	4.94	0.54	8.59	0.57	1.15	0.60	0.04	22.19
2003	5.35	0.42	4.81	0.54	8.78	0.62	1.13	0.60	0.04	22.29
2004	5.41	0.37	4.79	0.58	8.57	0.69	1.13	0.60	0.04	22.17
2005	5.60	0.08	4.77	0.58	8.43	0.69	1.10	0.60	0.04	21.88
2006	5.57	0.00	4.72	0.63	8.11	0.69	1.08	0.60	0.10	21.49
2007	5.55	0.00	4.48	0.60	7.87	0.62	0.97	0.60	0.14	20.82

Source: Palm Beach County Property Appraiser's office.

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Greenacres.

(2) Florida Inland Navigation District.

Schedule 7
Principal Property Tax Payers
(unaudited)

Current Year and Nine Other Years Ago

2006			1997		
Taxpayers	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxpayers	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Okeeheelee Apt. Partners	\$ 52,397,720	2.75%	Keystone - West Palm Beach (Island Shores Apts.)	\$ 16,448,987	2.74%
Woolbright Riverbridge (Riverbridge)	32,695,242	1.71%	Woolbright Riverbridge (Riverbridge)	15,216,500	2.53%
Keystone - West Palm Beach (Island Shores Apts.)	26,607,213	1.39%	JBH Limited Co. (Woodlakes Plaza)	9,500,000	1.58%
Batmasian, James H	18,798,633	0.99%	SCM Realty, Inc. (Steve Moore Chevrolet)	7,957,094	1.33%
Gator Green Acres Ltd. (Greenacres Plaza)	12,253,455	0.64%	Riverbridge Corporation	6,666,824	1.11%
DR Horton Inc.	13,117,695	0.69%	Wal-Mart Stores, Inc.	5,495,094	0.92%
SCM Realty Inc. (Steve Moore Chevrolet)	12,372,437	0.65%	Lake Worth MHP, Ltd. (Colonial Coach)	5,171,421	0.86%
III T Greenacres Ltd.	10,526,440	0.55%	Gator Green Acres Ltd. (Greenacres Plaza)	5,100,000	0.85%
Pickwick Mobile Home Park	9,560,723	0.50%	Pickwick Mobile Home Park	4,783,397	0.80%
Dayton Hudson Corp	10,781,578	0.56%	Mountain AMD L.P. (Trafalger Square)	4,215,318	0.70%
Total	\$ 199,111,136	10.43%	Total	\$ 80,554,635	13.42%

Source: Palm Beach County Property Appraiser's Office.

Schedule 8
Property Tax Levies and Collections
(unaudited)

Fiscal Year Ended 9/30	Taxes Levied for the 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	\$ 3,765,856	\$ 3,747,194	99.5%	\$ 18,662	\$ 3,765,856	100.0%
1998	\$ 3,866,284	\$ 3,856,001	99.7%	\$ 10,283	\$ 3,866,284	100.0%
1999	\$ 3,963,209	\$ 3,949,978	99.7%	\$ 13,184	\$ 3,963,162	100.0%
2000	\$ 4,127,786	\$ 4,096,502	99.2%	\$ 31,241	\$ 4,127,743	100.0%
2001	\$ 4,328,175	\$ 4,314,573	99.7%	\$ 13,602	\$ 4,328,175	100.0%
2002	\$ 4,533,349	\$ 4,515,760	99.6%	\$ 17,589	\$ 4,533,349	100.0%
2003	\$ 5,076,291	\$ 5,056,624	99.6%	\$ 19,667	\$ 5,076,291	100.0%
2004	\$ 5,868,122	\$ 5,863,174	99.9%	\$ 4,949	\$ 5,868,123	100.0%
2005	\$ 6,912,647	\$ 6,908,501	99.9%	\$ 4,146	\$ 6,912,647	100.0%
2006	\$ 8,325,500	\$ 8,325,500	100.0%	\$ -	\$ 8,325,500	100.0%

Source: Tax Collector, Palm Beach County.

Schedule 9

Ratios of Outstanding Debt by Type

(unaudited)

Fiscal Year Ended 9/30	Population ⁽¹⁾	Median Family Income ⁽²⁾	Outstanding Debt by Type				Percentage Personal Income	Per Capita
			General Obligation Bonds	Revenue Bonds	Bank Notes	Total		
1997	24,065	\$48,800	2,177,500	-	-	2,177,500	0.19%	\$ 90.48
1998	24,831	\$51,200	1,925,000	-	-	1,925,000	0.15%	\$ 77.52
1999	25,609	\$55,600	1,738,292	-	-	1,738,292	0.12%	\$ 67.88
2000	27,569	\$56,600	1,434,004	-	-	1,434,004	0.09%	\$ 52.02
2001	28,013	\$60,000	1,117,620	1,762,000	-	2,879,620	0.17%	\$ 102.80
2002	29,359	\$62,800	748,658	1,619,532	-	2,368,190	0.13%	\$ 82.03
2003	29,883	\$60,800	446,620	1,470,456	-	1,917,076	0.11%	\$ 64.15
2004	30,533	\$62,100	90,984	-	6,835,000	6,925,984	0.37%	\$ 226.84
2005	31,270	\$62,100	-	-	6,474,458	6,474,458	0.33%	\$ 207.05
2006	31,734	\$64,400	-	-	6,104,312	6,104,312	0.30%	\$ 192.36

Source: (1) Bureau of Economic & Business Research (BEBR).

(2) Median Income huduser.com (Palm Beach County).

Note: The City has no business-type activities.

Schedule 10
Ratios of General Bonded Debt Outstanding
 (unaudited)

Fiscal Year Ended 9/30	Population(1)	Taxable Value(2)	General Bonded Debt	Percentage of Actual Taxable Value of Property	Per Capita
1997	24,065	600,328,249	2,177,500	0.36%	\$ 90.48
1998	24,831	620,219,288	1,925,000	0.31%	\$ 77.52
1999	25,609	647,744,038	1,738,292	0.27%	\$ 67.88
2000	27,569	698,352,805	1,434,004	0.21%	\$ 52.02
2001	28,013	736,702,524	2,879,620	0.39%	\$ 102.80
2002	29,359	813,934,257	2,368,190	0.29%	\$ 80.66
2003	29,883	911,439,077	1,917,076	0.21%	\$ 64.15
2004	30,533	1,052,736,724	90,984	0.01%	\$ 2.98
2005	31,270	1,264,042,542	-	0.00%	\$ -
2006	31,734	1,549,989,162	-	0.00%	\$ -

Source: (1) Bureau of Economic & Business Research (BEBR).
 (2) Palm Beach County Property Appraiser's Office.

Schedule 11
Direct and Overlapping Governmental Activities Debt
 (unaudited)

As of September 30, 2006	Net General Obligation Bonded Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Governmental Unit			
Debt repaid with property taxes			
Palm Beach School District	\$ 54,275,000	1.145%	\$ 621,449
Palm Beach County	336,020,000	1.145%	3,847,429
Subtotal, overlapping debt	390,295,000	1.145%	4,468,878
City direct debt		NA	
Total direct and overlapping debt	\$ 390,295,000		\$ 4,468,878

Source: Palm Beach County School District.
 Palm Beach County.

Schedule 12
Legal Debt Margin Information
(unaudited)

The City of Greenacres has no legal debt margin.

Schedule 13
Pledged-Revenue Coverage
 (unaudited)

Fiscal Year Ended 9/30	Refunding Note 2004B				Public Improvement Note 2004A			
	Public Service Tax (1)	Debt Service		Coverage	Non Ad Valorem Revenues	Debt Service		Coverage
		Principal	Interest			Principal	Interest	
2001	*							
2002	296,294	142,468	77,925	74.38%				
2003	312,338	149,076	71,321	70.56%				
2004	315,868	155,991	64,411	69.78%	**			
2005	347,979	177,240	35,864	61.24%	12,791,145	183,302	216,867	3.13%
2006	356,929	179,378	33,730	59.71%	14,009,894	190,768	212,492	2.88%

(1) Included natural and propane gas and water services.

(*) Issued Fire Safety Revenue Bond at the end of 2001, refunded 2004.

(**) Issued Public Improvement Note 2004A at the end of 2004.

Schedule 14
Demographic & Economic Information
 (unaudited)

Fiscal Year Ended 9/30	Population(1)	Median Family Income(2)	Average House Sale(3)	School Enrollment(4)	Civilian Labor Force(5)	Unemployment Rate(6)
1997	24,065	48,800	96,400	6,325	12,142	6.0%
1998	24,831	51,200	81,000	6,536	12,519	5.4%
1999	25,609	55,600	78,800	6,657	12,767	4.9%
2000	27,569	56,600	89,700	7,573	13,108	3.5%
2001	28,013	60,000	120,100	7,718	13,650	4.2%
2002	29,359	62,800	130,600	8,072	13,942	5.0%
2003	29,883	60,800	133,500	8,296	14,104	4.7%
2004	30,533	62,100	134,100	9,527	14,392	4.2%
2005	31,270	62,100	140,500	10,645	15,569	3.2%
2006	31,734	64,400	237,500	9,892	16,021	2.7%

Sources: (1) Bureau of Economic & Business Research (BEBR).
 (2) Median Income huduser.com (Palm Beach County).
 (3) Median Income huduser.com (Palm Beach County).
 (4) Palm Beach County School District.
 (5) U.S. Bureau of Labor Statistics, Bureau of Labor Statistics.
 (6) U.S. Bureau of Labor Statistics, Bureau of Labor Statistics.

Note: 2006 School Enrollment based on 11-Day Count.
 2006 Unemployment & Labor Force Rate based on 11 month average.

Schedule 15
Principal Employers
 (unaudited)

Current Year and Nine Other Years Ago

2006			1997		
Employer*	Employees	Percentage of Total Employment	Employer*	Employees	Percentage of Total Employment
School Board	21,616	20.44%	School Board	16,500	21.92%
Palm Beach County	6,594	6.23%	State Government	8,700	11.56%
Columbia Healthcare System	5,200	4.92%	Palm Beach County	8,600	11.43%
Tenet Healthcare Corp.	4,794	4.53%	Pratt & Whitney Aircraft	5,100	6.78%
Florida Power & Light	2,850	2.69%	Columbia Palm Beach Healthcare System	4,000	5.31%
Florida Atlantic University	2,825	2.67%	Intracoastal Health Systems, Inc.	3,200	4.25%
Boca Raton Resort & Club	2,200	2.08%	Flo Sun, Inc.	2,300	3.06%
U.S. Sugar Corp.	2,100	1.99%	Florida Power & Light	2,300	3.06%
Florida Crystals	2,000	1.89%	Office Depot	2,200	2.92%
City of Boca Raton	2,200	2.08%	Boca Raton Community Hospital	2,000	2.66%
Total	52,379	49.53%	Total	54,900	72.94%

Source: Business Development Board of Palm Beach County.

*Employer: Palm Beach County.

No information available for the City of Greenacres.

Schedule 16
Full-Time City Government Employees by Function/Program
 (unaudited)

Fiscal Year Ended 9/30	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<u>Function/Program</u>										
Administration	4	5	5	6	7	8	8	8	8	8
Finance	13	14	14	15	15	15	15	15	15	15
Planning & Engineering	4	4	4	4	5	6	7	7	6	7
Building	11	11	11	11	11	11	11	11	11	11
Public Safety	88	90	90	92	89	102	104	107	108	113
Public Works	25	24	22	22	23	23	23	23	23	23
Leisure Services	12	12	16	16	16	17	17	17	17	11
Total	157	160	162	166	166	182	185	188	188	188

Source: City of Greenacres Department of Finance.

Schedule 17
Operating Indicators by Function/Program
 (unaudited)

Fiscal Year Ended 9/30	2003	2004	2005	2006
<u>Function/Program</u>				
General Government				
Number of residential units	15,374	15,777	16,171	16,245
Number of solid waste accounts billed	7,118	7,439	7,731	7,805
Number of revenue transactions processed	19,151	19,505	20,882	21,779
Public Safety				
Number of arrests by police officers	1,817	2,319	2,851	2,801
Number of traffic citations issued	5,106	7,298	7,017	7,533
EMS average response times (minutes)	4.4	4.4	4.3	4.3
Number of EMS Calls	4,214	4,668	4,839	4,956
Number of code enforcement inspections	1,500	1,600	2,036	2,215
Transportation				
Number of lane miles maintained	21.97	21.97	22.25	22.25
Number of repair orders completed	-	1,394	1,412	1,215
Number of vehicles maintained	-	93	93	95
Physical Environment				
Total acreage maintained	85	85	85	85
Average cost per acre to mow	-	-	1,674	1,878
Cultural & Recreation				
Number of community events presented	14	13	13	13
Number of registrants in athletic programs	-	1,000	1,053	1,264
Number of participants in after school aged programs	143	149	160	160

Note: Indicators are not available prior to fiscal year 2003.

Schedule 18
Capital Asset Statistics by Function/Program
 (unaudited)

Fiscal Year Ended 9/30	2003	2004	2005	2006
<u>Function/Program</u>				
Public Safety				
Public Safety Stations	2	2	2	2
Police Officers Vehicles	28	28	29	34
Fire Trucks	5	5	5	5
EMS Units	4	4	4	4
Transportation				
Street (miles)	43.94	43.94	44.50	44.50
Traffic Signs	950	950	950	986
Physical Environment				
Baseball/softball diamonds	6	6	6	6
Soccer fields	2	2	2	2
Cultural & Recreation				
Playgrounds	13	13	13	14
Community centers	1	1	1	1
Parks	11	11	11	11

Note: Indicators are not available prior to fiscal year 2003.

OTHER REPORTS



NOWLEN, HOLT & MINER, P.A.

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

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The Honorable Mayor and Members of the City Council
City of Greenacres, Florida

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Greenacres, Florida, as of and for the year ended September 30, 2006, which collectively comprise the City of Greenacres's basic financial statements and have issued our report thereon dated December 20, 2006. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Greenacres, Florida's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the 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 the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that 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 of Greenacres, Florida's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of the City of Greenacres, Florida in the attached management letter dated December 20, 2006.

This report is intended solely for the information and use of the City of Greenacres, Florida's management and City Council and is not intended to be and should not be used by anyone other than those specified parties.

Nowlen, Holt, & Miner, P.A.

December 20, 2006



NOWLEN, HOLT & MINER, P.A.

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MANAGEMENT LETTER

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TELEPHONE (561) 996-5612
FAX (561) 996-6248

The Honorable Mayor and Members of the City Council
City of Greenacres, Florida

We have audited the basic financial statements of the City of Greenacres, Florida, as of and for the year ended September 30, 2006, and have issued our report thereon dated December 20, 2006.

We conducted our audit in accordance with United States generally accepted auditing standards, and *Government Auditing Standards* issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated December 20, 2006, should be considered in assessing the results of our audit.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which require that we address certain compliance and other matters in the management letter, if not already addressed in the auditor's report on internal control over financial reporting and on compliance and other matters.

In planning and performing our audit of the basic financial statements of the City of Greenacres, Florida, as of and for the year ended September 30, 2006, 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. While our purpose was not to provide an opinion on internal control, certain matters came to our attention that we want to report to you. We do not wish to imply that they cover every possible weakness or strength. Nevertheless, we do think they deserve your careful evaluation. The status of these comments will be reviewed during the next audit engagement. We have already discussed these comments with the City's management and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

PRIOR YEAR COMMENTS

The Rules of the Auditor General require that we address in the management letter, if not already addressed in the auditor's report on compliance and internal controls or schedule of findings and questioned costs, whether or not recommendations made in the preceding annual financial audit report have been followed. We noted that all prior year comments in the management letter were addressed by the City and no longer apply.

CURRENT YEAR COMMENTS

There are no current year comments.

OTHER MATTERS

Oversight Unit and Component Units

The City of Greenacres, Florida is a municipal corporation originally incorporated in 1926 and reincorporated in 1947 pursuant to Special Act 24537, Laws of Florida 1947. Based upon the application of criteria defined in publications cited in Chapter 10.553, Rules of the Auditor General, the City has determined that there are no component units related to the City.

Consideration of Financial Emergency Criteria

As required by the Rules of the Auditor General, our audit included a review of whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes. The results of our procedures did not disclose that the City of Greenacres has met any of the conditions described in Section 218.503(1) during the year ended September 30, 2006.

Financial Condition Assessment Procedures

As required by Rules of the Auditor General Section 10.554(1)(h)6.c, we applied financial condition assessment procedures for the City of Greenacres. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by management. The results of our procedures did not disclose any matters that are required to be reported.

Annual Financial Report

In connection with our audit, we reviewed the Annual Financial Report of Units of Local Government filed by the City of Greenacres with the Florida Department of Banking and Finance pursuant to Section 218.32(1)(a), Florida Statutes, for the year ended September 30, 2006. We noted that the amounts reported in the Annual Financial Report were in substantial agreement with the annual financial audit report for the year ended September 30, 2006.

Investment of Public Funds

As required by the Rules of the Auditor General, our audit included a review of the City's compliance with Section 218.415, Florida Statutes. The results of our procedures did not disclose any instances of noncompliance with Section 218.415 Florida Statutes by the City of Greenacres for the year ended September 30, 2006. However, our audit does not provide a legal determination on the City's compliance with this requirement.

Excess of Expenditures Over Appropriations

As indicated in Note 2 to the Budgetary Required Supplementary Information for the year ended September 30, 2006, there were no departments that had expenditures in excess of appropriations.

Other Current Year Comments

The rules of the Auditor General require disclosure in the management letter of the following matters if not already addressed in the auditor's report on internal control over financial reporting and on compliance and other matters: (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; (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 as of and for the year ended September 30, 2006 did not disclose any such items that are required to be reported under Chapter 10.554(1)(h), Rules of the Auditor General and are not already addressed in our management letter.

This report is intended for the information of management, members of the City Council, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

Nowlen, Holt, & Miner, P.A.

December 20, 2006

February 28, 2007

The Honorable Mayor and Members of the City Council
City of Greenacres, Florida

RE: RESPONSE TO MANAGEMENT LETTER

We are pleased that there were no items that required a response to the Management Letter.

Wadie Atallah
City Manager