



# GREENACRES

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city of greenacres , florida  
comprehensive annual financial report  
fiscal year ended September 30, 2007



Comprehensive Annual Financial Report  
of the  
City of Greenacres, Florida  
For The Fiscal Year Ended  
September 30, 2007

Prepared by: Department of Finance  
Jeffrey A. Price, Director of Finance

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## City of Greenacres

5800 Melaleuca Lane • Greenacres • Florida • 33463-3515  
Ph: 561-642-2017 • Fax: 561-642-2004 • Email: cm@ci.greenacres.fl.us

Samuel J. Ferreri  
Mayor

Wadie Atallah  
City Manager

February 28, 2008

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, 2007. 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 and other supplementary information for all funds. The general fund 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.

Richard C. Radcliffe  
Councilman • District I

Peter A. Noble  
Councilman • District II

Charles E. Shaw  
Councilman • District III

Doris A. Fouts  
Councilwoman • District IV

Norman W. Rose  
Councilman • District V

- ❖ 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 2006. 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, 2007. 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 5.7 square miles and serves a population of over 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 provides general municipal services such as police protection, fire protection, emergency medical services, protective inspections, recreation, public works, planning, zoning and engineering and cultural events; as well as solid waste collection and recycling services.

The City contracts with a privately owned sanitation company for garbage and recycling collection services. For fiscal year 2007, 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 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 five miles from the Atlantic Ocean. Palm Beach County was among the fastest growing metropolitan areas in the country in 2007, with an estimated population of 1,351,236. Greenacres is the tenth largest municipality in the County with a 2007 population of 32,105 (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 2007 the City's economic growth slowed due to the decline in the housing and real estate market; the unemployment rate was 3.4 percent, and several large construction projects were underway or completed. This includes the Pinewood Lake Townhomes (98 units), Verona Palms Townhomes (134 units), Sagewood (104 units), Whispering Winds (32 units), Pine Grove Townhomes (30 units), ABC Fine Wines, and the 6801 Lake Worth Road office building. The recent trend of revitalization in the City's Original Section continued and expanded with the construction of 38 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, 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 2007 the City replaced all the protective personal equipment for public safety personnel through a grant, updated the 911 dispatch consoles, firing range catchment system and recording equipment, refurbished the evidence storage room, replaced extrication equipment, and EMS stretchers and stair chairs; purchased a new fire engine and ambulance and EMS Auto Pulse Compression Units.

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 10<sup>th</sup> 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 2007, with substantial completion in August of 2007. Since the hurricanes of 2004 and 2005, the City has replaced aging shutters on the old 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 \$4.9 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. Construction of 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.

The preparation of the FY08 budget during FY07 was especially difficult due to the 2007 State legislative session that focused on property tax reform, and culminated in the enactment of three bills passed during the special legislative session that ended on June 14, 2007. The following is a brief synopsis of the bills.

- **HB 1B:** Limits the authority of local governments to levy ad valorem taxes for the budget years 2007/2008 and beyond. For the 2007/2008 budget year, ad valorem taxes will be capped at the roll

back rate (*millage rate that produces the same amount of revenue as last year 2006/2007*) less 0-9%, depending on the compound annual growth rate in ad valorem revenue between 2001 to 2006. For the City of Greenacres the reduction amounted to 9%. The cap may be exceeded to the rolled back rate by a 2/3 vote of the governing body, or a unanimous vote up to the 2006/2007 millage rate. Increases beyond the 2006/2007 levels will require voter approval in a referendum.

The impact of the HB 1B represents a reduction of \$985,082 in ad valorem revenue for the FY08, and the impact of the January 29, 2008 Amendment 1 is estimated to reduce the tax base by an additional \$1.2 million.

For the 2008/2009 budget and beyond, ad valorem taxes will be capped at the rolled back rate plus an adjustment based on the growth of the per capita personal income. These caps may be exceeded similar to the provisions for the 2007/2008 budget.

- **SRJ 4B:** Proposed a constitutional amendment to create a “super exemption” in place of the current \$25,000 homestead exemption with the 3% cap on increase in assessed value. This amendment was determined to be unconstitutional by the courts and was replaced with Amendment 1.
- **Amendment 1:** On January 29, 2008, the Florida electorate approved an amendment to the Florida Constitution relative to property taxation. This amendment (referred to as Amendment 1) was placed on the ballot by the Florida Legislature at a special session held in October 2007. With respect to homestead property, Amendment 1 increases the current \$25,000 homestead exemption by another \$25,000 (for property values between \$50,000-\$75,000), except for school district taxes. Amendment 1 also allows property owners to transfer (make portable) up to \$500,000 of their Save Our Homes benefits to their next homestead when they move.

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

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

To address the impact of the legislation the City will need to continue to prioritize essential services and desired levels of service to allocate sufficient funding in future budget years. Additionally the City will need to continue to close the gap between revenues and expenditures for non-essential services. These measures have been incorporated in the FY08 budget which provides for the elimination of three special events, increasing fees for athletic leagues to offset the costs, and restructuring arrangements with leisure class instructors to rent space at City facilities. The FY08 budget also provides for maintaining six full time positions vacant with the potential for elimination during the first quarter of 2008. The FY08 budget contains additional cost cutting measures.

Given the slow down in the real estate market in 2006 and 2007, we believe that the future growth rate of the City will revert to pre-2000 levels as new developments are completed, and the availability of land for new developments diminishes within our existing and future annexation boundaries. It is imperative for the City to continue to focus on the long term future in relation to our ability to meet the growing service needs and our ability to pay for those services.

## **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.

## **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 5.7 percent by the SBA in fiscal year 2007 for the State Surplus Funds Trust Fund. During fiscal year 2007 the City also invested in the Florida Municipal Investment Trust (FMLvT), enhanced cash portfolio and 1-3 year high quality bond funds.

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, 2006. 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 sixteen consecutive years (fiscal years 1991-2006). 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, 2006. The City has received this award for the last fourteen 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 2008 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 \$9,963,392. 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

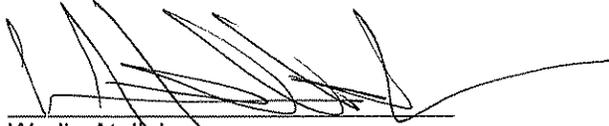
### Independent Audit

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 2007 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 during challenging economic times.

  
\_\_\_\_\_  
Wadie Atallah  
City Manager  
\_\_\_\_\_  
Jeffrey A. Price  
Director of Finance



## PRINCIPAL OFFICIALS

### ELECTED OFFICIALS

**Samuel J. Ferreri**  
Mayor

**Doris A. Fouts**  
Deputy Mayor- Councilman, District IV

**Richard C. Radcliffe**  
Councilman, District I

**Peter A. Noble**  
Councilman, District II

**Charles E. Shaw**  
Councilwoman, District III

**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

**Carlos Cedeño**  
Director of Public Works

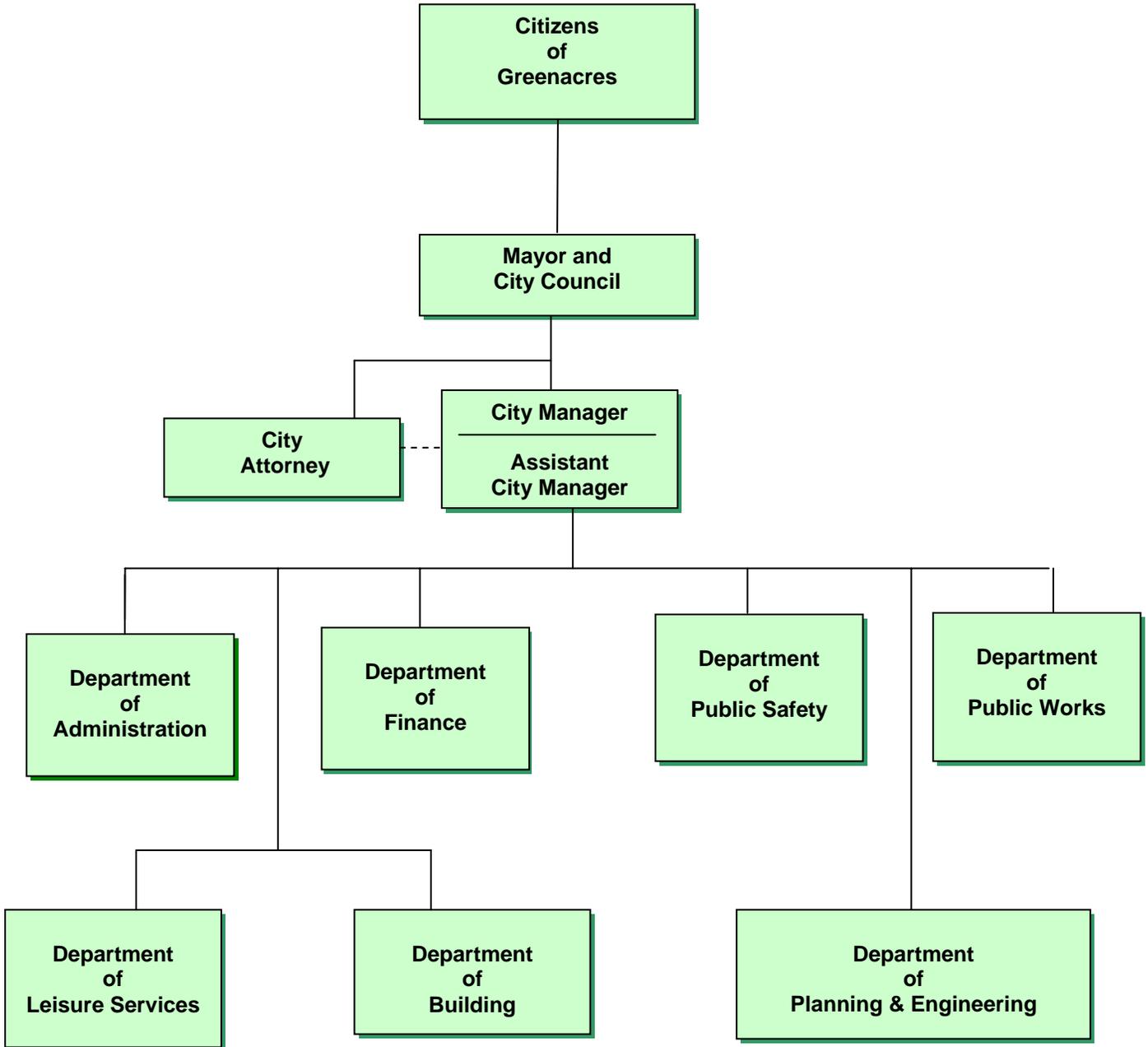
**Phillip A. Ludos**  
Director of Public Safety

**Michele L. Thompson**  
Director of Leisure Services

**Vacant**  
Director of Building

Positions held as of October 1, 2007

# 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, 2006

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



*Cherie S. Cox*

President

*Jeffrey R. Emmer*

Executive Director



# NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

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

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, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City 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, 2007, 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 February 28, 2008, 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 12 and the required supplementary information on pages 40 through 46 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.

*Nawlen, Holt & Miner, P.A.*

West Palm Beach, Florida  
February 28, 2008

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2007. 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 13).

### HIGHLIGHTS

#### Financial Highlights

- The City's assets exceeded its liabilities by \$36.6 million (*net assets*) at the close of the 2007 fiscal year. Of this amount, \$8.8 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 \$5.9 million, or 20%.
- Total revenues decreased \$0.8 million, or 3%.
- Total expenses increased \$0.2 million, or 0.8%.
- At the close of the 2007 fiscal year, the City's governmental funds reported combined ending fund balances of \$22.1 million, an increase of \$1.7 million in comparison with the prior year. Of this total, \$19.2 million is unreserved.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$9.5 million, which was 52% 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 13-14) 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 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 all of the Capital Projects Funds: the New Growth, Parks and Recreation, and Reconstruction and Maintenance Funds, all of which are considered *major funds*. Data from the six 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 47-50 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 City has one (1) fiduciary trust fund, the Police and Firefighters Pension Trust Fund, found on pages 19-20 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 21-39 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 40-46 of this report.

The combining statements referred to earlier in connection with non-major 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 2006 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 13, shown with comparative financial information for the prior year. In 2007, the City followed a recommended practice of the Government Finance Officers Association (GFOA) and achieved significant operating efficiencies by increasing its thresholds for the capitalization of fixed assets (explained in greater detail in the discussion of Capital Assets on page 10, and in the Notes to the Financial Statements on page 30). The increase in the capitalization thresholds changed the 2006 ending net assets (see Note 5 in the Notes to the Financial Statements, on page 30). The change has been incorporated in the financial amounts shown for 2006 in the schedule below.

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

	<u>2007</u>	<u>2006</u>	<u>Increase / (Decrease)</u>
Current and other assets	\$ 25,380	\$ 22,466	13.0%
Capital assets, net	<u>20,963</u>	<u>17,282</u>	21.3%
<b>Total assets</b>	<b><u>46,343</u></b>	<b><u>39,748</u></b>	<b>16.6%</b>
Current liabilities	2,739	1,813	51.1%
Long-term liabilities	<u>6,957</u>	<u>7,283</u>	( 4.5% )
<b>Total liabilities</b>	<b><u>9,696</u></b>	<b><u>9,096</u></b>	<b>6.6%</b>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	15,243	12,133	25.6%
Restricted	12,539	10,936	14.7%
Unrestricted	<u>8,865</u>	<u>7,583</u>	16.9%
<b>Total net assets</b>	<b><u>\$ 36,647</u></b>	<b><u>\$ 30,652</u></b>	<b>19.6%</b>

The largest portion of the City's net assets (\$15.2 million, or 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 (\$12.5 million, or 34%) 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 \$8.9 million, or 24% 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 2007 and 2006. At the end of the 2007 fiscal year, the City of Greenacres' assets exceeded liabilities by \$36.6 million, an increase of 20%, or \$5.9 million, from 2006.

### Changes in Net Assets

The revenues and expenses for the current and previous fiscal years are compared in the following schedule. As mentioned in the discussion of Net Assets above, the amounts in the comparative financial information for 2006 were adjusted to reflect the change in the City's capitalization thresholds.

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

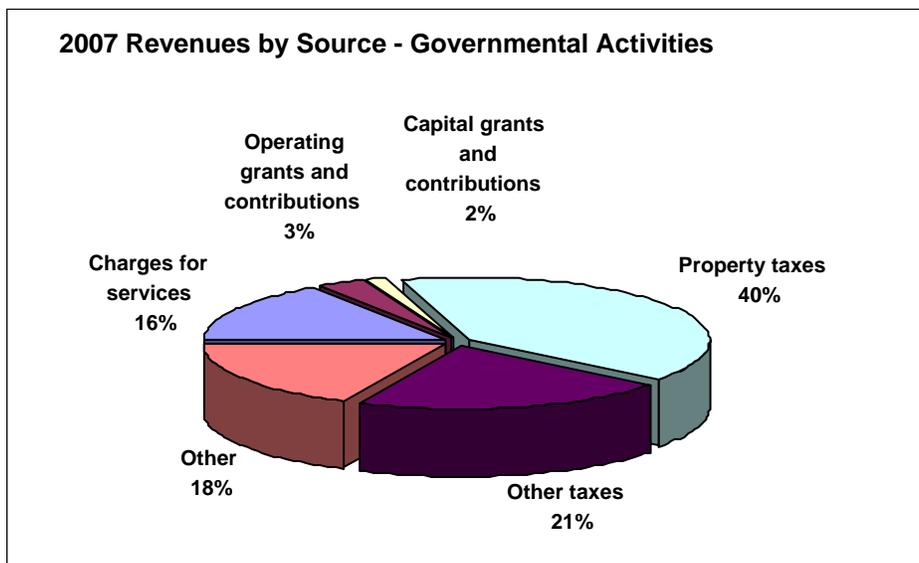
	<u>2007</u>	<u>2006</u>	<u>Increase / (Decrease)</u>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 4,219	\$ 6,221	( 32.2% )
Operating grants and contributions	851	878	( 3.1% )
Capital grants and contributions	402	1,318	( 69.5% )
General revenues:			
Property taxes	10,581	8,341	26.9%
Other taxes	5,739	5,826	( 1.5% )
Other	<u>4,777</u>	<u>4,800</u>	( 0.5% )
<b>Total revenues</b>	<b><u>26,569</u></b>	<b><u>27,384</u></b>	<b>( 3.0% )</b>
<b>Expenses:</b>			
General government	3,952	3,888	1.6%
Public safety	11,023	10,769	2.4%
Transportation	1,893	1,581	19.7%
Culture and recreation	1,824	2,335	( 21.9% )
Physical environment	1,649	1,564	5.4%
Interest and other fiscal charges	<u>233</u>	<u>265</u>	( 12.1% )
<b>Total expenses</b>	<b><u>20,574</u></b>	<b><u>20,402</u></b>	<b>0.8%</b>
<b>Increase in net assets</b>	5,995	6,982	( 14.1% )
<b>Beginning net assets*</b>	<u>30,652</u>	<u>23,670</u>	29.5%
<b>Ending net assets</b>	<b><u>\$ 36,647</u></b>	<b><u>\$ 30,652</u></b>	<b>19.6%</b>

\* Beginning net assets (2006 ending net assets) changed after the City raised its capitalization thresholds; See Note 5 on page 30.

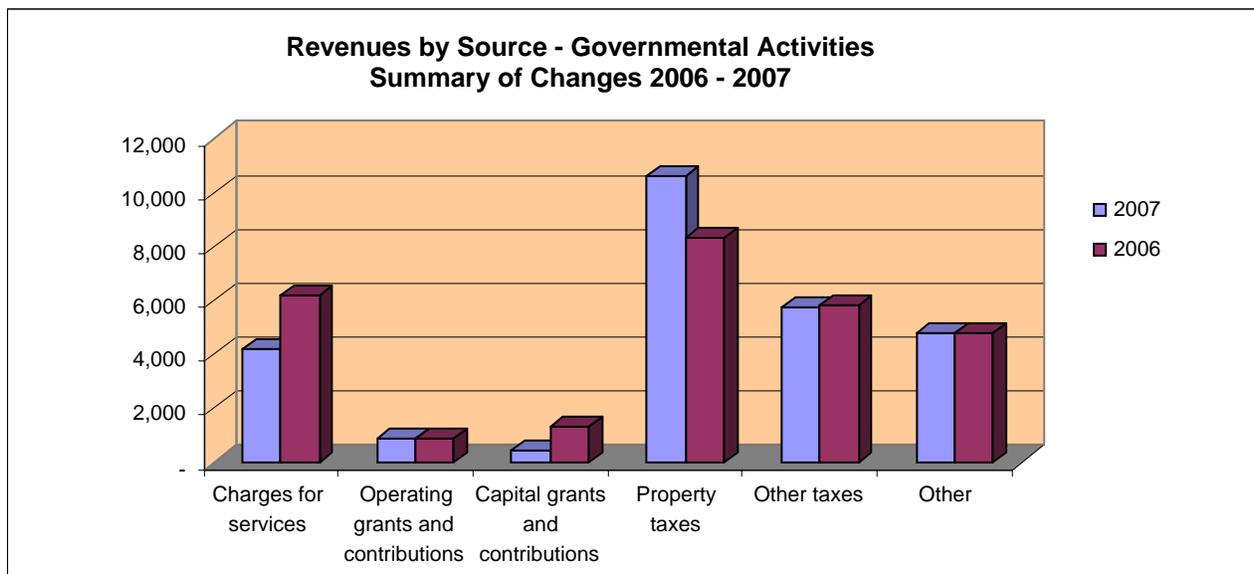
Ending net assets increased in fiscal 2007, as total revenues decreased by three percent while expenses increased by two percent. Among the revenues that changed significantly were:

- Charges for services decreased by \$2.0 million primarily because of a drop off in building permits and Impact fees as new construction slowed significantly in 2007.
- Capital grants decreased by \$0.9 million. Of the decrease, \$434 thousand was related to impact fees specified for the construction of new parks. Capital grants also decreased by \$400 thousand related to one-time FEMA reimbursements received in 2006 related to storm damage from the hurricanes that struck our area in 2004 and 2005.
- The decreases in program revenues were offset by an increase of \$2.2 million in property taxes, driven by increased property values, new construction, and annexations.
- Government wide expenses remained relatively flat, increasing by only 0.8% overall. The most significant changes from 2006 were the increase in expenses for the Transportation function, as well as the offsetting decrease in Culture and Recreation expenses, and both were related to capital projects serving those two functions respectively.

The chart below shows the major sources of revenues from governmental activities in 2007. It illustrates that property taxes comprise 40% of the revenue base, and along with taxes from other sources, they finance 61% of the services provided by the City.



The chart at the top of the next page illustrates how the major revenue sources changed from 2006 to 2007.



### 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 2007 fiscal year, the City's governmental funds reported combined ending fund balances of \$22.1 million, an increase of \$1.7 million from fiscal 2006. Approximately 87% (\$19.2 million) of this total constitutes unreserved fund balance, which is available for appropriation. 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 (\$2.5 million), 2) to pay debt service (\$127 thousand), 3) to support after school programs for school aged children (\$117 thousand), 4) to purchase police equipment (\$88 thousand), or 5) for a other purposes (\$93 thousand).

The General Fund is the chief operating fund of the City of Greenacres. At the end of the 2007 fiscal year, unreserved fund balance of the general fund was \$9.5 million, while total fund balance reached \$9.7 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 2007 fiscal year end, the unreserved fund balance represents 52% of total general fund expenditures, before transfers. The 2007 budget plan included transfers of approximately \$5.5 million from the unreserved general fund balance to the capital projects funds to finance projects that are part of the City's planned capital improvements. Including transfers, the unreserved general fund balance is 40% of the total fiscal 2007 expenditures.

The City uses three Capital Projects Funds, all of which were considered major funds in fiscal 2007. The City's New Growth 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. In fiscal 2007 the City spent \$4.1 million to complete the Municipal Complex project, which includes a new City Hall and a new Public Works facility. An additional \$200 thousand was spent on infrastructure, including road and drainage improvements. The budget for 2008 provides funding for five projects, three of which are multi-year, totaling \$532 thousand. The two largest projects, totaling \$338 thousand, are slated to provide for information technology infrastructure improvements including hardware and software. The remaining projects will fund road improvements (\$188 thousand) and Graphical Information Systems (GIS) technology (\$10 thousand).

The Parks and Recreation Fund is used to account for the construction and refurbishment of parks and recreation facilities within the City. In 2007, the largest spending initiative was \$813 thousand that was budgeted

for the development of Freedom Park, which includes two lighted ball fields and three lighted soccer fields, and a two-story press box/ concession stand and bathrooms. About one-third of the project was completed in 2007, with the remainder to be finished next year. An additional \$54 thousand was spent in 2007 on other park refurbishments throughout the City, while \$48 thousand was used for invasive non-native tree and vegetation removals. In 2008, additional improvements are scheduled for Freedom Park (\$400 thousand), while \$771 thousand is budgeted for other park improvements around the City, including a new Haverhill Road park (\$251 thousand), new playground equipment at Community Park (\$272 thousand), and new pathway lights and landscaping from Community Park to Pinehurst Drive (\$172 thousand).

The Reconstruction and Maintenance Fund provides for rebuilding and replacement of the City's capital assets, not including parks. In 2007, \$516 thousand was spent on the following: vehicle replacements (\$226 thousand), equipment replacements for the police and fire rescue divisions (\$87 thousand), computers, printers and scanners replacements (\$91 thousand), road and drainage maintenance (\$57 thousand), and other maintenance and replacements (\$55 thousand). Orders were placed in 2007 for a new fire truck and ambulance (\$520 thousand), but they won't be ready for delivery until 2008. An additional \$220 thousand of storm drainage improvements also planned in 2007 will be completed in 2008. In addition to the projects to be completed, the 2008 budget of \$1.3 million includes \$1.0 million for a new 800 Mhz radio system for public safety, \$132 thousand for vehicle replacements, and an additional \$200 thousand to fund 10 smaller projects consisting of facilities maintenance and equipment replacements.

### **General Fund Budgetary Highlights**

The schedule on the next page reconciles the original and amended (final) General Fund budget for fiscal 2007. The City uses a fully integrated encumbrance accounting system to control and manage purchases of goods and services within the budget framework. A Purchase Order must be approved and completed for the purchase of all goods and services. Purchasing is decentralized, so each department prepares its own purchase requisitions, and enters them into the accounting system. The Purchasing Division reviews each requisition to make sure proper procedures are followed and approvals are obtained. The Purchasing Division then creates a Purchase Order from the requisition. Each Purchase Order encumbers, or reserves, the department's budget for the amount of the Purchase Order. Once encumbered, that amount of the budget is no longer available to appropriate, or spend.

The total amount of encumbrances (open Purchase Orders) in each fund at the end of the fiscal year are automatically "rolled over" and reappropriated in the next fiscal year, and are added to the next year's budget. Conversely, a year end adjustment reduces the prior year budget in the same amount. The encumbrance effectively "rolls" its budget reserve from the old year to the new year.

This results in recurring budget adjustments each year related to encumbrances that increase the budget at the beginning of the year for the encumbrances that rolled from the prior year, and decrease the budget at the end of the year for the encumbrances that roll to the next fiscal year.

In fiscal 2007, other than adjustments for encumbrances, the General Fund budget was increased for police and fire fighter salaries related to a new union contract. The increase was expected and was added to the budget as an amendment because contract ratification was completed shortly after the start of the new fiscal year. The original 2007 General Fund budget is reconciled to the amended budget in the schedule at the top of the next page. See also the budgetary comparison schedule on pages 40-43 for greater detail.

Original adopted budget October 1, 2006		\$ 26,142,114
<b><u>Additions to budget</u></b>		
Reserve for encumbrances 9/30/2006	\$ 109,864	
Less: Cancelled prior year encumbrances	<u>(4,972)</u>	104,892
Salary increase related to new union contract with Public Safety personnel (Police and Fire Fighters); contract negotiations were completed after the start of the 2007 fiscal year		511,000
<b><u>Deductions from budget</u></b>		
Reserve for encumbrances 9/30/2007		<u>(101,950)</u>
Final budget September 30, 2007		<u><u>\$ 26,656,056</u></u>

Included in the final and amended general fund budget were transfers of \$6.1 million to other funds to finance planned Capital Improvement Projects, pay debt service on the outstanding revenue refunding and public improvement bank notes, and subsidize the after-school child care programs. For the year, estimated revenues of \$23.9 million and an additional \$2.2 million of available fund balance were budgeted to cover total planned expenditures of \$26.6 million. After the results of all operations for the year, actual revenues exceeded expenditures by \$278 thousand. As a result, appropriations from available general fund balance were not needed to cover budgeted expenditures.

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

Revenues: Positive variance, \$782 thousand more than budgeted.

- Electric franchise fees were \$389 thousand more than budgeted due to a combination of effects; six hundred City residences incorrectly coded by the electric company were identified and updated in the company's database, increasing the franchise fees remitted to the City. Additionally, a new 30-year electric franchise agreement was recently negotiated with terms more favorable to the City.
- Property taxes are conservatively budgeted based on a 95% collection rate, while actual collections came in over 96%, causing a \$149 thousand positive variance.
- Interest revenues had a positive variance of \$238 thousand. During the 2007 fiscal year, the City began to prepare for future revenue uncertainties related to property taxes by pursuing measures to reduce spending, including freezing several personnel positions that came open. As a result of reduced spending measures, the City maintained higher than anticipated investments balances throughout the year.

Expenditures: Positive variance, \$2.25 million under budget.

As mentioned in the explanation of interest revenues variances above, the City actively pursued an objective of reducing expenditures in fiscal 2007 as economic conditions, as well as changes being mandated by the State legislature, were forecasted to cause significant reductions in ad valorem revenues in the near future. The primary reductions were salaries, as several open positions were not immediately filled after becoming vacant. Three Directors positions were open for parts of the year, as well as other positions from virtually every department. In the Department of Public Safety, \$1.2 million of budgeted salaries were not expended as a result of open and frozen positions.

### Capital Asset and Debt Administration

**Capital assets.** In 2007, the capitalization thresholds were raised for all classes of fixed assets for financial reporting purposes. By raising its capitalization thresholds, the City was able to achieve significant efficiencies by reducing the total *number* of capital assets that must be tracked and depreciated by more than 80% (over 1,000 assets) while reducing less than 20% of the total cost of the assets carried on its books (\$1.5 million, net of accumulated depreciation). The City continues to maintain a database of fixed assets for inventory control using a significantly lower threshold of \$750 for adding assets to the inventory list.

The City of Greenacres' investment in capital assets as of September 30, 2007, net of accumulated depreciation, is \$21 million, an increase of \$4 million from the 2006 restated balance. The completion of a new Municipal Complex added two new buildings to the City's capital assets, a new City Hall (\$4.0 million) and a Public Works facility (\$1.6 million), as well as land improvements that include a 4.5 acre lake with a walking trail totaling \$1.2 million.

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

	<u>2007</u>	<u>2006</u>	<u>Increase / (Decrease)</u>
Land	\$ 7,210	\$ 6,352	13.5%
Buildings	7,472	1,651	352.6%
Improvements other than buildings	3,970	3,114	27.5%
Furniture, fixtures and equipment	566	421	34.4%
Vehicles	1,456	1,566	( 7.0%)
Infrastructure	-	-	n/a
Construction in Progress	<u>290</u>	<u>4,178</u>	( 93.1%)
Total	<u>\$ 20,964</u>	<u>\$ 17,282</u>	21.3%

Additional information can be found in Note 5 Capital Assets on page 30-31.

**Debt administration.** At the fiscal 2007 year end, the City had \$5.7 million of debt outstanding, consisting of \$794 thousand in revenue refunding and \$4.9 million in public improvement bank notes. Fiscal 2007 debt service payments reduced the overall debt by \$383 thousand.

The debt position of the City is summarized in the following table and is more fully explained in Note 6 Long-Term Debt on page 31.

**City of Greenacres Outstanding Debt**  
(in thousands)

	<u>2007</u>	<u>2006</u>	<u>Increase / (Decrease)</u>
Revenue Refunding Note Payable	\$ 794	\$ 978	( 18.8%)
Public Improvement Note Payable	<u>4,927</u>	<u>5,126</u>	( 3.9%)
Total	<u>\$ 5,721</u>	<u>\$ 6,104</u>	( 6.3%)

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

The main sources of government revenues in the State of Florida are taxes. The State levies no personal income tax, so its primary source of operating revenues are sales, gasoline, and corporate income taxes. Local governments (cities, counties, and school boards) finance most of their services from property taxes. Beginning in the 2008 budget year, the economic outlook for the primary revenue source for Florida municipalities will be challenging, as cities are facing state mandated reductions of property taxes.

In an effort to provide tax relief and spur the slumping housing market, the State legislature focused on property tax reform in the 2007 session. House Bill 1B was enacted to limit the authority of local governments to levy ad valorem taxes for the fiscal 2008 budget years and beyond. For the City of Greenacres, the result was to cap its

fiscal 2008 ad valorem at the 2007 roll back rate (*the millage rate that produces the same amount of revenue, before new construction, as the previous year*) less 9 percent. As a result, the City's estimated ad valorem revenue for the 2008 budget was \$9.6 million, which is \$954 thousand (9%) less than the amount collected in 2007.

Further reductions of ad valorem revenues have been mandated for budget years beyond 2008 resulting from an agenda pursued by the State legislature to create more tax breaks for homeowners and cap local government spending. On January 29, 2008, the Florida electorate approved an amendment (referred to as Amendment 1) to the Florida Constitution relative to property taxation. This amendment was placed on the ballot by the Florida Legislature at a special session held in October 2007.

Amendment 1 increases homestead exemptions, allows property owners to transfer up to \$500,000 of Save Our Homes benefits to their next homestead when they move, limits (caps) the annual increase in assessed value for non-homestead property (businesses, industrial property, rental property, second homes, etc.) to ten percent (10%), except for school district taxes, and provides a \$25,000 exemption for tangible personal property (see Note 12 on subsequent events in the notes to the financial statements for more details on Amendment 1). The amount by which 2009 ad valorem taxes will decrease is not yet known.

The City's general fund revenues are projected to be \$23.8 million in fiscal 2008, a 0.5%, or \$125 thousand, decrease from the fiscal 2007 forecast. The fiscal 2008 general fund expenditures budget, including transfers, is \$23.9 million, a decrease of 8.6% from 2007. The primary factor for the decrease in expenditures is a \$2.7 million decrease in transfers for funding of capital projects. Based on these estimates, unreserved general fund balance will decrease by \$114 thousand, to \$9.4 million in 2008.

### **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, please contact the Director of Finance at 5800 Melaleuca Lane, Greenacres, Florida 33463.

## Statement of Net Assets

September 30, 2007	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 683,054
Investments	22,594,909
Receivables (net)	
Accounts	1,385,877
Grants	246,358
Assessments	27,637
Inventory	27,177
Prepaid items	67,265
Prepaid pension contributions	347,037
Capital assets	
Non-depreciable	7,499,315
Depreciable (net of depreciation)	13,464,476
Total assets	46,343,105
<b>Liabilities</b>	
Accounts payable and other current liabilities	1,471,169
Accrued payroll and related taxes	533,258
Unearned revenue	445,508
Accrued bond interest payable	2,402
Deposits	286,546
Due within one year:	
Compensated absences	604,911
Bonds and notes payable	396,606
Due in more than one year:	
Compensated absences	630,694
Bonds and notes payable	5,324,563
Total liabilities	9,695,657
<b>Net Assets</b>	
Invested in capital assets, net of related debt	15,242,622
Restricted for:	
Capital projects	12,195,064
Debt service	125,276
Public safety	98,254
After school child care	121,143
Unrestricted	8,865,089
Total net assets	\$ 36,647,448

See accompanying notes to basic financial statements.

## Statement of Activities

Fiscal Year Ended September 30, 2007	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	\$ 3,952,081	\$ 162,870	\$ -	\$ -	\$ (3,789,211)
Public safety	11,023,359	1,377,656	540,776	58,941	(9,045,986)
Transportation	1,893,338	-	-	-	(1,893,338)
Culture/recreation	1,824,186	625,110	258,113	30,717	(910,246)
Physical environment	1,648,435	2,053,213	52,186	311,954	768,918
Interest on long-term debt	232,741	-	-	-	(232,741)
<b>Total governmental activities</b>	<b>\$ 20,574,140</b>	<b>\$ 4,218,849</b>	<b>\$ 851,075</b>	<b>\$ 401,612</b>	<b>(15,102,604)</b>

General revenues:

Taxes:

Property taxes	10,580,841
Utility service taxes	3,452,303
Franchise fees based on gross receipts	1,913,270
Gas taxes	373,913
Unrestricted intergovernmental shared revenues	3,357,658
Investment earnings	1,295,850
Miscellaneous revenues	124,817
<b>Total general revenues and transfers</b>	<b>21,098,652</b>
Change in net assets	5,996,048
<b>Net assets - beginning</b>	<b>30,651,400</b>
<b>Net assets - ending</b>	<b>\$ 36,647,448</b>

See accompanying notes to basic financial statements.

**Balance Sheet  
Governmental Funds**

September 30, 2007	Capital Projects						Total Governmental Funds
	General	New Growth	Parks and Recreation	Reconstruction and Maintenance	Nonmajor Governmental Funds		
<b>Assets</b>							
Cash and cash equivalents	\$ 683,054	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 683,054
Investments	8,913,904	4,439,395	3,528,408	5,319,950	393,252		22,594,909
Receivables (net)							
Accounts	1,384,744	-	-	-	1,133		1,385,877
Grants	6,315	182,530	23,293	-	34,220		246,358
Assessments	27,637	-	-	-	-		27,637
Due from other funds	1,785	-	-	45,212	-		46,997
Inventories	27,177	-	-	-	-		27,177
Prepaid items	65,840	-	-	-	1,425		67,265
<b>Total assets</b>	<b>\$ 11,110,456</b>	<b>\$ 4,621,925</b>	<b>\$ 3,551,701</b>	<b>\$ 5,365,162</b>	<b>\$ 430,030</b>		<b>\$ 25,079,274</b>
<b>Liabilities and fund balances</b>							
<b>Liabilities</b>							
Accounts payable and other liabilities	\$ 395,620	\$ 969,524	\$ 97,855	\$ -	\$ 8,170		\$ 1,471,169
Accrued payroll and related taxes	520,114	-	-	-	13,144		533,258
Due to other funds	-	45,212	-	-	1,785		46,997
Deferred revenue	209,199	175,690	256,892	-	5,176		646,957
Deposits	286,546	-	-	-	-		286,546
<b>Total liabilities</b>	<b>1,411,479</b>	<b>1,190,426</b>	<b>354,747</b>	<b>-</b>	<b>28,275</b>		<b>2,984,927</b>
<b>Fund balances</b>							
Reserved for:							
Encumbrances	101,950	802,229	878,837	674,127	3,913		2,461,056
Inventories	27,177	-	-	-	-		27,177
Prepaid items	65,841	-	-	-	-		65,841
Police equipment	-	-	-	-	88,358		88,358
Child care	-	-	-	-	117,230		117,230
Debt service	-	-	-	-	127,678		127,678
Unreserved	9,504,009	2,629,270	2,318,117	4,691,035	-		19,142,431
Unreserved, reported in nonmajor funds:							
Special revenue funds	-	-	-	-	64,576		64,576
Capital projects funds	-	-	-	-	-		-
<b>Total fund balances</b>	<b>9,698,977</b>	<b>3,431,499</b>	<b>3,196,954</b>	<b>5,365,162</b>	<b>401,755</b>		<b>22,094,347</b>
<b>Total liabilities and fund balances</b>	<b>\$ 11,110,456</b>	<b>\$ 4,621,925</b>	<b>\$ 3,551,701</b>	<b>\$ 5,365,162</b>	<b>\$ 430,030</b>		<b>\$ 25,079,274</b>

See accompanying notes to basic financial statements

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

September 30, 2007

Fund balances total governmental funds \$ 22,094,347

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	\$ 31,759,125	
Less accumulated depreciation	(10,795,334)	20,963,791

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	201,449
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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.

347,037

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	(5,721,169)	
Accrued interest payable on long-term debt	(2,402)	
Compensated absences	(1,235,605)	(6,959,176)

Net assets of governmental activities	\$ 36,647,448
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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, 2007	General	Capital Projects			Nonmajor Governmental Funds	Total Governmental Funds
		New Growth	Parks and Recreation	Reconstruction and Maintenance		
<b>Revenues:</b>						
Taxes	\$ 16,320,326	\$ -	\$ -	\$ -	\$ -	\$ 16,320,326
Licenses and permits	1,001,365	-	-	-	-	1,001,365
Intergovernmental revenues	4,029,009	195,063	-	56,189	254,412	4,534,673
Charges for services	2,515,117	-	-	-	170,780	2,685,897
Fines and forfeitures	113,608	-	-	-	37,881	151,489
Impact fees	-	81,087	-	-	-	81,087
Interest	505,992	295,583	191,903	262,649	39,726	1,295,853
Special assessments	6,828	-	-	-	-	6,828
Contributions	-	-	-	-	13,878	13,878
Sales of surplus materials	14,341	-	-	-	-	14,341
Rental income	29,770	-	164,000	-	-	193,770
Miscellaneous revenues	142,372	-	-	-	-	142,372
<b>Total revenues</b>	<b>24,678,728</b>	<b>571,733</b>	<b>355,903</b>	<b>318,838</b>	<b>516,677</b>	<b>26,441,879</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	3,367,221	-	-	-	-	3,367,221
Public safety	10,610,858	-	-	-	-	10,610,858
Transportation	1,348,709	-	-	-	-	1,348,709
Culture/recreation	1,267,152	-	-	-	454,823	1,721,975
Physical environment	1,537,118	-	-	-	-	1,537,118
Capital outlay	119,504	4,441,416	393,535	516,757	26,091	5,497,303
<b>Debt service:</b>						
Principal retirement	-	-	-	-	383,143	383,143
Interest	-	-	-	-	233,193	233,193
<b>Total expenditures</b>	<b>18,250,562</b>	<b>4,441,416</b>	<b>393,535</b>	<b>516,757</b>	<b>1,097,250</b>	<b>24,699,520</b>
Excess (deficiency) of revenues over (under) expenditures	6,428,166	(3,869,683)	(37,632)	(197,919)	(580,573)	1,742,359
<b>Other financing sources (uses):</b>						
Transfers in	-	1,500,000	500,000	3,500,000	650,000	6,150,000
Transfers out	(6,150,000)	-	-	-	-	(6,150,000)
<b>Total other financing sources (uses)</b>	<b>(6,150,000)</b>	<b>1,500,000</b>	<b>500,000</b>	<b>3,500,000</b>	<b>650,000</b>	<b>-</b>
Net change in fund balances	278,166	(2,369,683)	462,368	3,302,081	69,427	1,742,359
Fund balances - beginning	9,420,811	5,801,182	2,734,586	2,063,081	332,328	20,351,988
<b>Fund balances - ending</b>	<b>\$ 9,698,977</b>	<b>\$ 3,431,499</b>	<b>\$ 3,196,954</b>	<b>\$ 5,365,162</b>	<b>\$ 401,755</b>	<b>\$ 22,094,347</b>

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, 2007

Net change in fund balances - total governmental funds \$ 1,742,359

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	\$ 4,704,139	
Less current year depreciation	(1,022,282)	3,681,857
<hr/>		

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		(56,520)
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Net effect of accrued interest on long-term debt (difference between amount that would have been accrued in prior year and current year accrual)		452
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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		102,106
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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		383,143
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Governmental Funds report revenues when earned and available. However, in the Statement of Activities, revenues are recognized when earned, regardless of availability.

FEMA Grant	2,467	
CDBG Grant	137,735	
Urban Forestry Grant	37,956	
Invasive Tree Removal Grant	23,292	
CDBG Grant	(55,254)	
Urban Forestry Grant	(3,545)	142,651
<hr/>		

Change in net assets of governmental activities		\$ 5,996,048
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See accompanying notes to basic financial statements.

### Statement of Fiduciary Net Assets

	Public Safety Officers and Firefighters Pension Plan
September 30, 2007	
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Assets	
Investments in external pool	\$ 6,391,563
Accounts Receivable	125,392
Prepays	842
<hr/>	
Total assets	6,517,797
Liabilities	
Accounts Payable	924
<hr/>	
Net Assets	
Held in trust for pension benefits and other purposes	\$ 6,516,873
<hr/> <hr/>	

See accompanying notes to basic financial statements.

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

Fiscal Year Ended September 30, 2007	Public Safety Officers and Firefighters Pension Plan
<b>Additions:</b>	
Contributions:	
Employer	\$ 137,787
Plan members	144,106
State on-behalf payments	485,225
Total contributions	767,118
Investment income:	
Net increase in fair value of investments	644,643
Total investment income	644,643
Total additions	1,411,761
Deductions	
Benefits	39,521
Administrative expense	22,516
Total deductions	62,037
Net increase	1,349,724
Net assets held in trust for pension benefits	
Net assets - beginning	5,167,149
Net assets - ending	\$ 6,516,873

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 non-major 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.

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.

The *Reconstruction and Maintenance Fund* is used to account for financial resources used for the acquisition or construction of major capital facilities not accounted for in other capital projects funds.

**1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

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.

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

All of the City's funds have legally adopted budgets except the Forfeitures Special Revenue Fund.

***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 average cost. 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 estimated life in excess of one year and an initial individual cost of \$25,000 or more for land improvements, \$50,000 or more for buildings, \$50,000 or more for building improvements, \$5,000 or more for machinery & equipment, \$5,000 or more for vehicles, and \$250,000 or more for infrastructure. 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 collectability 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	\$ 683,054
<u>Investments</u>	<u>28,986,472</u>
<u>Total deposits and investments</u>	<u>\$29,669,526</u>

Presented in the statement of net assets:

Cash and cash equivalents	\$ 683,054
<u>Investments</u>	<u>22,594,909</u>
Total statement of net assets	23,277,963

Presented in the statement of fiduciary net assets:

<u>Investments</u>	<u>6,391,563</u>
<u>Total deposits and investments</u>	<u>\$29,669,526</u>

As of September 30, 2007, 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 Maturity	Fair Value
Investment in:		
State Board of Administration Investment Pool	34 days	\$21,454,545
Florida Municipal Investment Trust Pool		
Enhanced Cash Portfolio	41 days	545,281
One-Three Year High Quality Bond Fund	1.88 years	595,083
<u>Florida Municipal Pension Trust Pool</u>	<u>N/A</u>	<u>6,391,563</u>
		<u>\$28,986,472</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, 2007, the three pools the City invests in were not rated. However, the City's investment in the Florida Municipal Investment Trust Pool consisted of \$595,083 in the One to Three Year High-Quality Bond Portfolio which is rated AAA/V2 by Fitch Ratings and \$545,281 in the Enhanced Cash Portfolio money market fund which is rated AAA1/S1+ by Standard & Poor's.

**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, 2007 are as follows:

Accounts receivable	\$1,490,632
Grants receivable	246,358
<u>Assessments receivable</u>	<u>27,637</u>
Total receivables	1,764,627
<u>Less allowance for uncollectibles</u>	<u>(104,755)</u>
<u>Net total receivables</u>	<u>\$1,659,872</u>

**4 - INTERFUND TRANSACTIONS**

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Fund	\$ 1,785
<u>Reconstruction &amp; Maintenance Fund</u>	<u>New Growth Fund</u>	<u>45,212</u>
		<u>\$46,997</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, 2007:

Fund	Transfers In	Transfers Out
Major Fund:		
General Fund	\$ -	\$6,150,000
New Growth Fund	1,500,000	-
Parks & Recreation Fund	500,000	-
Reconstruction & Maintenance Fund	3,500,000	-
Non-major funds in the aggregate	650,000	-
<b>Total interfund transfers</b>	<b>\$6,150,000</b>	<b>\$6,150,000</b>

Transfers to the non-major funds include \$40,000 transferred to the C.A.R.E.S. special revenue fund for the school-aged child care community programs, \$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.

**5 - CAPITAL ASSETS**

Capital assets activity for the year ended September 30, 2007, was as follows:

	Beginning Balance (As Restated)	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 6,352,468	\$ 857,186	\$ -	\$ 7,209,654
Construction in progress	4,177,920	289,661	(4,177,920)	289,661
<b>Total assets not being depreciated</b>	<b>10,530,388</b>	<b>1,146,847</b>	<b>(4,177,920)</b>	<b>7,499,315</b>
Capital assets being depreciated:				
Buildings	5,632,179	5,980,829	-	11,613,008
Improvements other than buildings	5,678,321	1,269,688	-	6,948,009
Furniture, fixtures, and equipment	1,515,754	283,447	(77,675)	1,721,526
Vehicles	3,880,987	201,249	(104,969)	3,977,267
Infrastructure	-	-	-	-
<b>Total assets being depreciated</b>	<b>16,707,241</b>	<b>7,735,213</b>	<b>(182,644)</b>	<b>24,259,810</b>
Less accumulated depreciation for:				
Buildings	(3,980,708)	(160,080)	-	(4,140,788)
Improvements other than buildings	(2,564,191)	(413,424)	-	(2,977,615)
Furniture, fixtures, and equipment	(1,095,475)	(137,769)	77,675	(1,155,569)
Vehicles	(2,315,322)	(311,009)	104,969	(2,521,362)
Infrastructure	-	-	-	-
<b>Accumulated depreciation</b>	<b>(9,955,696)</b>	<b>(1,022,282)</b>	<b>182,644</b>	<b>(10,795,334)</b>
<b>Total assets being depreciated, net</b>	<b>6,751,545</b>	<b>6,712,931</b>	<b>-</b>	<b>3,464,476</b>
<b>Capital assets, net</b>	<b>\$ 17,281,933</b>	<b>\$ 7,859,778</b>	<b>\$(4,177,920)</b>	<b>\$20,963,791</b>

Notes to the Financial Statements

**5 - CAPITAL ASSETS** (Continued)

During the year ended September 30, 2007, the city changed the capitalization threshold for assets with an initial individual cost of \$750 or more to an initial individual cost of \$25,000 or more for land improvements, \$50,000 or more for buildings, \$50,000 or more for building improvements, \$5,000 or more for machinery & equipment, \$5,000 or more for vehicles, and \$250,000 or more for infrastructure. The effects of the change in capitalization thresholds is summarized below:

	Non Depreciable Assets	Depreciable Assets	Accumulated Depreciation	Totals
Beginning balance	\$10,712,133	\$20,187,994	\$(12,133,748)	\$18,766,379
Adjustment	(181,745)	(3,480,753)	2,178,052	(1,484,446)
Beginning balance, as restated	\$10,530,388	\$16,707,241	\$(9,955,696)	\$17,281,993

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General government	\$ 40,987
Public safety	415,129
Transportation	63,040
Culture/parks and recreation	480,976
Physical environment	22,150
<u>Total depreciation expense</u>	<u>\$1,022,282</u>

There were \$4,222,279 of fully depreciated assets at September 30, 2007.

**6 - LONG-TERM DEBT**

***Changes in Long-Term Liabilities***

The following changes occurred in long-term liabilities during the year ended September 30, 2007:

	Balance October 1, 2006	Additions	Deletions	Balance September 30, 2007	Due Within One Year
Public Improvement Note 2004A	\$5,125,930	\$ -	\$ 198,539	\$4,927,391	\$ 206,625
Revenue Refunding Note 2004B	978,382	-	184,604	793,778	189,981
Compensated Absences	1,179,085	805,840	749,320	1,235,605	604,911
	<u>\$7,283,397</u>	<u>\$ 805,840</u>	<u>\$ 1,132,463</u>	<u>\$6,956,774</u>	<u>\$1,001,517</u>

**6 - LONG-TERM DEBT** (Continued)

**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.

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

	Principal	Interest	Total
Year Ending September 30:			
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	242,403	160,857	403,260
2013-2017	1,368,411	647,890	2,016,301
2018-2022	1,670,745	345,556	2,016,301
2023-2024	767,450	39,070	806,520
	<u>\$4,927,391</u>	<u>\$1,928,031</u>	<u>\$6,855,422</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.

**6 - LONG-TERM DEBT** (Continued)

**Changes in Long-Term Liabilities** (Continued)

**Revenue Refunding Note, Series 2004B** (Continued)

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

	Principal	Interest	Total
Year Ending September 30:			
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
	\$793,778	\$ 58,645	\$852,423

**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.

Accrued vacation leave is paid in full upon separation of employment up to a maximum of 240 hours. Accrued sick leave is paid in full upon separation of employment after ten years of service up to a maximum of 960 hours. Bargaining Unit employees hired after June 28, 2000 and general employees hired after October 16, 2006, are paid a percentage of the total accrued sick leave based on the number of completed years of service.

**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.

**7 - FLORIDA RETIREMENT SYSTEM** (Continued)

***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, 2007, were as follows: regular employees 9.85%, special risk employees 20.92%, senior management employees 13.12% and elected officials 16.53%.

The City's contributions to the FRS for the fiscal years ending September 30, 2005 through 2007 were \$378,972, \$364,954 and \$438,896 respectively, which were equal to the required contributions for each fiscal year.

**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.

**8 - EMPLOYEE RETIREMENT PLANS** (Continued)

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**General Employees Retirement Plan** (Continued)

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, 2007, were \$148,992 and \$108,427 respectively, which were equal to the required contributions.

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 six (6) months of service. Plan provisions and contribution requirements are established and may be amended by the City Council. The plan administrator is the Florida League of Cities, Inc.

**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, 2007, the date of the latest actuarial valuation, Plan membership consisted of 66 active employees for total participants of 79.

**8 - EMPLOYEE RETIREMENT PLANS** (Continued)

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**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 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 \$485,225 during the fiscal year ended September 30, 2007.

**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, 2007. GASB 27 was implemented at the inception of the Plan. The annual pension cost and actual contributions for the year ended September 30, 2007, were as follows:

Annual pension cost	\$392,946
City contributions	33,717
Participant contributions	143,373
State contribution	336,416

	<u>Three-Year Trend Information</u>		
	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2005	\$488,993	100.00%	\$ -
2006	512,744	100.00%	-
2007	392,946	100.00%	-

**8 - EMPLOYEE RETIREMENT PLANS** (Continued)

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Annual Pension Cost and Net Pension Obligation** (Continued)

Additional information as of the latest actuarial valuation follows:

Valuation date	10/1/07
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, 2007, \$485,225 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 – CHANGE IN ACCOUNTING PRINCIPLE**

As discussed in Note 5, the City changed its capitalization thresholds for fixed assets to agree with the thresholds recommended by GASB 34. This change significantly increased the capitalization thresholds. GASB 34 requires that all changes in accounting principle be reported as restatements of beginning net assets/fund equity. The change had no impact of fund equity. A reconciliation of the prior period ending net assets to the current year beginning net assets is presented below:

Beginning net assets	\$32,135,846
Adjustment to change capitalization threshold	<u>(1,484,446)</u>
<u>Beginning net assets, as restated</u>	<u>\$30,651,400</u>

**12 – SUBSEQUENT EVENTS**

**SBA Pool**

As discussed in Note 2, at September 30, 2007, the City of Greenacres had \$21,454,545 invested in the State Board of Administration's Local Government Surplus Funds Trust Fund Investment Pool (Pool). On November 29, 2007, the State Board of Administration implemented a temporary freeze on the assets held in the Pool due to an unprecedented amount of withdrawals from the Fund coupled with the absence of market liquidity for certain securities within the Pool. The significant amount of withdrawals followed reports that the Pool held asset-backed commercial paper that was subject to sub prime mortgage risk. On December 4, 2007, based on recommendations from an outside financial advisor, the State Board of Administration restructured the Pool into two separate pools. Pool A consisted of all money market appropriate assets, which was approximately \$12 billion or 86% of Pool assets. Pool B consisted of assets that either defaulted on a payment, paid more slowly than expected, and/or had any significant credit and liquidity risk, which was approximately \$2 billion or 14% of Pool assets. At the time of the restructuring, all current pool participants had their existing balances proportionately allocated into Pool A and Pool B.

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

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

The City withdrew 15% of the Pool A balance in the amount of \$2,630,000 on December 7, 2007.

As of January 31, 2008, the City of Greenacres had \$15,100,084 and \$2,872,510 invested in Pool A and Pool B, respectively. Additional information regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration.

**12 – SUBSEQUENT EVENTS** (Continued)

**Property Tax Amendment**

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

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

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

Based on information received from the Palm Beach County Property Appraiser's Office, the estimated annual loss of property tax revenues for the City from the additional homestead exemption and the \$25,000 exemption for tangible personal property is approximately \$855,000. At present, there is no accurate way to determine the impact of the portability and assessment cap on non-homestead property provisions in terms of potential loss of property tax revenues. Estimates for our City range from 5% to 12.5% annually which would translate into an additional loss of property tax revenues of \$175,000 to \$435,000.

**13 – COMMITMENTS**

At September 30, 2007 the City had entered into agreements for the purchase or construction of various assets. The commitments are summarized below.

Total commitments	\$9,583,200
Less amount expended at September 30, 2007	<u>(7,574,456)</u>
Balance at September 30, 2007	<u>\$2,008,743</u>

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

Fiscal Year Ended September 30, 2007	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
<b>Taxes</b>				
<b>Ad valorem taxes:</b>				
Current	\$ 10,408,043	\$ 10,408,043	\$ 10,558,021	\$ 149,978
Delinquent	20,000	20,000	22,820	2,820
<b>Total ad valorem taxes</b>	<b>10,428,043</b>	<b>10,428,043</b>	<b>10,580,841</b>	<b>152,798</b>
<b>Franchise fees:</b>				
Electric	1,414,272	1,414,272	1,803,341	389,069
Gas	28,840	28,840	47,160	18,320
Garbage	65,082	65,082	62,768	(2,314)
<b>Total franchise fees</b>	<b>1,508,194</b>	<b>1,508,194</b>	<b>1,913,269</b>	<b>405,075</b>
<b>Public service taxes:</b>				
Electric	1,648,000	1,648,000	1,635,216	(12,784)
Telecommunications	1,545,000	1,545,000	1,445,118	(99,882)
Water	278,100	278,100	289,132	11,032
Gas	51,773	51,773	45,398	(6,375)
Propane gas	36,050	36,050	37,439	1,389
<b>Total public service taxes</b>	<b>3,558,923</b>	<b>3,558,923</b>	<b>3,452,303</b>	<b>(106,620)</b>
<b>Local option gas tax</b>	<b>381,100</b>	<b>381,100</b>	<b>373,913</b>	<b>(7,187)</b>
<b>Total taxes</b>	<b>15,876,260</b>	<b>15,876,260</b>	<b>16,320,326</b>	<b>444,066</b>
<b>Licenses and permits:</b>				
Occupational	243,500	243,500	283,671	40,171
Building permits	800,000	800,000	589,715	(210,285)
Electrical permits	15,000	15,000	20,845	5,845
Plumbing permits	35,000	35,000	36,795	1,795
Mechanical permits	20,000	20,000	26,908	6,908
Rental property license fee	36,500	36,500	39,774	3,274
Other	5,000	5,000	3,657	(1,343)
<b>Total licenses and permits</b>	<b>1,155,000</b>	<b>1,155,000</b>	<b>1,001,365</b>	<b>(153,635)</b>
<b>Intergovernmental revenues:</b>				
State revenue sharing	1,123,818	1,123,818	1,037,374	(86,444)
Mobile home license	12,000	12,000	10,720	(1,280)
Alcoholic beverage license	11,000	11,000	11,465	465
Half-cent sales tax	2,369,000	2,369,000	2,320,284	(48,716)
Motor fuel tax rebate	10,000	10,000	11,896	1,896
Grants	62,970	62,970	124,187	61,217
Other	269,290	269,290	513,083	243,793
<b>Total intergovernmental</b>	<b>3,858,078</b>	<b>3,858,078</b>	<b>4,029,009</b>	<b>170,931</b>

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

Fiscal Year Ended September 30, 2007	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues (Continued):</b>				
Charges for services:				
Solid waste fees	\$ 888,664	\$ 888,664	\$ 974,726	\$ 86,062
Zoning fees	63,554	63,554	44,561	(18,993)
Administrative fees	53,071	53,071	63,453	10,382
Sales of documents	34,200	34,200	27,223	(6,977)
Leisure programs	230,911	230,911	204,494	(26,417)
Security services	63,900	63,900	77,322	13,422
Ambulance transport	1,117,721	1,117,721	1,085,464	(32,257)
Other	41,200	41,200	37,874	(3,326)
<b>Total charges for services</b>	<b>2,493,221</b>	<b>2,493,221</b>	<b>2,515,117</b>	<b>21,896</b>
Fines and forfeitures:				
Judgments and fines	101,000	101,000	93,976	(7,024)
Violations of local ordinances	22,000	22,000	19,092	(2,908)
Other	400	400	540	140
<b>Total fines and forfeitures</b>	<b>123,400</b>	<b>123,400</b>	<b>113,608</b>	<b>(9,792)</b>
Interest:				
Bank	100	100	42	(58)
State Board of Administration	244,000	244,000	482,219	238,219
Tax collector interest	3,000	3,000	23,731	20,731
<b>Total interest</b>	<b>247,100</b>	<b>247,100</b>	<b>505,992</b>	<b>258,892</b>
Special assessments	13,500	13,500	6,828	(6,672)
Contributions	1,850	1,850	-	(1,850)
Sales of surplus materials	30,000	30,000	14,341	(15,659)
Rental fees	20,163	20,163	29,770	9,607
Miscellaneous:				
Vending machine royalties	4,000	4,000	3,402	(598)
Refunds - prior year	3,000	3,000	48,223	45,223
Insurance proceeds	2,000	2,000	30,690	28,690
Other	68,977	68,977	60,057	(8,920)
<b>Total miscellaneous</b>	<b>77,977</b>	<b>77,977</b>	<b>142,372</b>	<b>64,395</b>
<b>Total revenues</b>	<b>\$ 23,896,549</b>	<b>\$ 23,896,549</b>	<b>\$ 24,678,728</b>	<b>\$ 782,179</b>

(Continued)

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

Fiscal Year Ended September 30, 2007	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures:</b>				
General government:				
Administrative:				
City manager	\$ 461,111	\$ 462,884	\$ 411,137	\$ 51,747
Mayor and City Council	167,254	167,254	151,626	15,628
Legal counsel	125,305	125,305	105,332	19,973
Human resources	782,673	780,281	706,501	73,780
City clerk	170,753	170,753	152,724	18,029
Total administration	1,707,096	1,706,477	1,527,320	179,157
Finance:				
Administration	298,853	298,458	281,575	16,883
Financial operations	426,962	421,352	393,429	27,923
Purchasing	133,969	134,252	124,938	9,314
Information technology	497,467	499,302	404,231	95,071
Total finance	1,357,251	1,353,364	1,204,173	149,191
Planning and development	602,744	662,805	610,090	52,715
Contingency	250,000	252,864	25,638	227,226
Total general government	3,917,091	3,975,510	3,367,221	608,289
Public safety:				
Administration	496,568	496,568	466,465	30,103
Training and special services	324,462	331,220	327,389	3,831
Uniform patrol	3,690,484	3,717,952	3,264,933	453,019
Investigation	977,231	897,550	819,589	77,961
EMS	3,802,154	4,322,582	3,827,801	494,781
Support services	1,161,252	1,190,988	1,079,499	111,489
Protective inspections	883,254	883,207	825,182	58,025
Total public safety	11,335,405	11,840,067	10,610,858	1,229,209
Transportation:				
Public works administration	252,238	252,238	189,732	62,506
Streets and grounds maintenance	697,868	690,519	621,866	68,653
Vehicle maintenance	601,262	597,578	537,111	60,467
Total transportation	1,551,368	1,540,335	1,348,709	191,626
Culture/recreation (leisure services):				
Administration	165,441	165,526	162,025	3,501
Parks and grounds maintenance	578,542	572,751	507,144	65,607
Recreation services	362,822	359,802	314,984	44,818
Community center	347,579	347,579	282,999	64,580
Total culture/recreation	1,454,384	1,445,658	1,267,152	178,506
Physical environment:				
Engineering	-	-	-	-
Building services	665,260	653,585	570,377	83,208
Solid waste collection and disposal*	955,000	955,000	966,741	(11,741)
Total physical environment	1,620,260	1,608,585	1,537,118	71,467
Capital outlay (all departments and functions)	113,606	95,901	119,504	(23,603)
Total expenditures	\$ 19,992,114	\$ 20,506,056	\$ 18,250,562	\$ 2,255,494

\*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, 2007	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Excess (deficiency) of revenues over (under) expenditures	3,904,435	3,390,493	6,428,166	3,037,673
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(6,150,000)	(6,150,000)	(6,150,000)	-
Total other financing sources (uses)	(6,150,000)	(6,150,000)	(6,150,000)	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (2,245,565)</u>	<u>\$ (2,759,507)</u>	278,166	<u>\$ 3,037,673</u>
Beginning fund balance			9,420,811	
Ending fund balance			\$ 9,698,977	

**Notes to the Budgetary Required Supplementary Information**  
**General Fund**

**September 30, 2007**

**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.
- ❖ All funds have legally adopted budgets except the Forfeitures Special Revenue Fund.

**Notes to the Budgetary Required Supplementary Information**  
**General Fund**

**September 30, 2007**

**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, 2007

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
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%
2007	392,946	100.0%	392,946	100.0%

**Combining Balance Sheet - Nonmajor Governmental Funds**

September 30, 2007	Special Revenue Funds			
	Forfeitures Fund	Arboreous Fund	Public Safety Donation Fund	After School Program Fund
<b>Assets</b>				
Investments, at fair value	\$ 88,358	\$ 54,680	\$ 9,896	\$ 112,640
Accounts receivable, net	-	-	-	1,133
Grants receivable, net	-	-	-	34,220
Due from other funds	-	-	-	1,425
<b>Total assets</b>	<b>\$ 88,358</b>	<b>\$ 54,680</b>	<b>\$ 9,896</b>	<b>\$ 149,418</b>
<b>Liabilities and fund balances</b>				
<b>Liabilities:</b>				
Accounts payable and other liabilities	\$ -	\$ -	\$ -	\$ 8,170
Accrued payroll and related taxes	-	-	-	13,144
Due to other funds	-	-	-	1,785
Deferred revenue	-	-	-	5,176
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,275</b>
<b>Fund balances:</b>				
<b>Reserved for:</b>				
Encumbrances	-	-	-	3,913
Police equipment	88,358	-	-	-
Child care	-	-	-	117,230
Debt service	-	-	-	-
<b>Unreserved, reported in:</b>				
Special revenue funds	-	54,680	9,896	-
Capital projects funds	-	-	-	-
<b>Total fund balance</b>	<b>88,358</b>	<b>54,680</b>	<b>9,896</b>	<b>121,143</b>
<b>Total liabilities and fund balance</b>	<b>\$ 88,358</b>	<b>\$ 54,680</b>	<b>\$ 9,896</b>	<b>\$ 149,418</b>

<u>Debt Service Funds</u>			Total Nonmajor Governmental Funds
<u>Fire Safety</u>	<u>Municipal Complex</u>		
\$ 79,281	\$ 48,397		\$ 393,252
-	-		1,133
-	-		34,220
-	-		1,425
<u>\$ 79,281</u>	<u>\$ 48,397</u>		<u>\$ 430,030</u>
\$ -	\$ -		\$ 8,170
-	-		13,144
-	-		1,785
-	-		5,176
-	-		28,275
-	-		3,913
-	-		88,358
-	-		117,230
79,281	48,397		127,678
-	-		64,576
-	-		-
<u>79,281</u>	<u>48,397</u>		<u>401,755</u>
<u>\$ 79,281</u>	<u>\$ 48,397</u>		<u>\$ 430,030</u>

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

Fiscal Year Ended September 30, 2007	Special Revenue Funds			
	Forfeitures Fund	Arboreous Fund	Public Safety Donation Fund	After School Program Fund
<b>Revenues:</b>				
Intergovernmental	\$	\$	\$	\$ 254,412
Charges for services	-	-	-	170,780
Fines and forfeitures	37,881	-	-	-
Interest	4,318	2,985	585	6,638
Contributions	-	7,425	2,753	3,700
<b>Total revenues</b>	<b>42,199</b>	<b>10,410</b>	<b>3,338</b>	<b>435,530</b>
<b>Expenditures:</b>				
Current:				
Culture/recreation	-	-	-	454,823
Capital outlay	13,228	7,344	3,698	1,821
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>13,228</b>	<b>7,344</b>	<b>3,698</b>	<b>456,644</b>
Excess (deficiency) of revenues over (under) expenditures	28,971	3,066	(360)	(21,114)
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	40,000
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,000</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	28,971	3,066	(360)	18,886
Fund balances - beginning of year	59,387	51,614	10,256	102,257
<b>Fund balances - end of year</b>	<b>\$ 88,358</b>	<b>\$ 54,680</b>	<b>\$ 9,896</b>	<b>\$ 121,143</b>

Debt Service Funds			Total Nonmajor Governmental Funds
Fire Safety	Municipal Complex		
\$	\$		\$ 254,412
-	-		170,780
-	-		37,881
12,264	12,936		39,726
-	-		13,878
12,264	12,936		516,677
-	-		454,823
-	-		26,091
184,604	198,539		383,143
28,471	204,722		233,193
213,075	403,261		1,097,250
(200,811)	(390,325)		(580,573)
200,000	410,000		650,000
-	-		-
200,000	410,000		650,000
(811)	19,675		69,427
80,092	28,722		332,328
\$ 79,281	\$ 48,397	\$	\$ 401,755

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

Fiscal Year Ended September 30, 2007	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Interest	\$ 925	\$ 2,985	\$ 2,060
Contributions	11,000	7,425	(3,575)
<b>Total Revenues:</b>	<b>\$ 11,925</b>	<b>\$ 10,410</b>	<b>\$ (1,515)</b>
<b>Expenditures:</b>			
Capital Outlay	\$ 20,000	\$ 7,344	\$ 12,656
<b>Total Expenditures:</b>	<b>\$ 20,000</b>	<b>\$ 7,344</b>	<b>\$ 12,656</b>

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

Fiscal Year Ended September 30, 2007	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Interest	\$ 100	\$ 585	\$ 485
Contributions	2,900	2,753	(147)
<b>Total Revenues:</b>	<b>\$ 3,000</b>	<b>\$ 3,338</b>	<b>\$ 338</b>
<b>Expenditures:</b>			
Capital Outlay	\$ 4,000	\$ 3,698	\$ 302
<b>Total Expenditures:</b>	<b>\$ 4,000</b>	<b>\$ 3,698</b>	<b>\$ 302</b>

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

Fiscal Year Ended September 30, 2007	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$ 260,076	\$ 254,412	\$ (5,664)
Charges for services	159,584	170,781	11,197
Interest	-	6,638	6,638
Contributions	20,000	3,700	(16,300)
<b>Total Revenues:</b>	<b>\$ 439,660</b>	<b>\$ 435,531</b>	<b>\$ (4,129)</b>
<b>Expenditures:</b>			
Culture/recreation	\$ 499,970	\$ 454,823	\$ 45,147
Capital outlay	1,537	1,821	(284)
<b>Total Expenditures:</b>	<b>\$ 501,507</b>	<b>\$ 456,644</b>	<b>\$ 44,863</b>

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

Fiscal Year Ended September 30, 2007	Budget		Actual		Variance - Positive (Negative)
<b>Revenues:</b>					
Interest	\$	-	\$	12,264	\$ 12,264
<hr/>					
<b>Total Revenues:</b>	\$	-	\$	12,264	\$ 12,264
<hr/>					
<b>Expenditures:</b>					
<b>Debt Service:</b>					
Principal	\$	184,604	\$	184,604	\$ -
Interest		28,504		28,471	33
<hr/>					
<b>Total Expenditures:</b>	\$	213,108	\$	213,075	\$ 33
<hr/>					

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

Fiscal Year Ended September 30, 2007	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Interest	\$ -	\$ 12,936	\$ 12,936
<hr/>			
<b>Total Revenues:</b>	<b>\$ -</b>	<b>\$ 12,936</b>	<b>\$ 12,936</b>
<hr/> <hr/>			
<b>Expenditures:</b>			
<b>Debt Service:</b>			
Principal	\$ 198,539	\$ 198,539	\$ -
Interest	204,722	204,722	-
<hr/>			
<b>Total Expenditures:</b>	<b>\$ 403,261</b>	<b>\$ 403,261</b>	<b>\$ -</b>
<hr/> <hr/>			

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

Fiscal Year Ended September 30, 2007	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$ 345,000	\$ 195,063	\$ (149,937)
Impact fees	189,703	81,087	(108,616)
Interest	60,000	295,583	235,583
<b>Total Revenues:</b>	<b>\$ 594,703</b>	<b>\$ 571,733</b>	<b>\$ (22,970)</b>
<b>Expenditures:</b>			
Capital outlay	\$ 4,831,495	\$ 4,441,416	\$ 390,079
<b>Total Expenditures:</b>	<b>\$ 4,831,495</b>	<b>\$ 4,441,416</b>	<b>\$ 390,079</b>

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

Fiscal Year Ended September 30, 2007	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$ 265,579	\$ -	\$ (265,579)
Impact fees	269,995	-	(269,995)
Interest	80,000	191,903	111,903
Rental income	134,800	164,000	29,200
<b>Total Revenues:</b>	<b>\$ 750,374</b>	<b>\$ 355,903</b>	<b>\$ (394,471)</b>
<b>Expenditures:</b>			
Capital outlay	\$ 596,174	\$ 393,535	\$ 202,639
<b>Total Expenditures:</b>	<b>\$ 596,174</b>	<b>\$ 393,535</b>	<b>\$ 202,639</b>

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

Fiscal Year Ended September 30, 2007	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$ 297,866	\$ 56,189	\$ (241,677)
Interest	80,000	262,649	182,649
<b>Total Revenues:</b>	<b>\$ 377,866</b>	<b>\$ 318,838</b>	<b>\$ (59,028)</b>
<b>Expenditures:</b>			
Capital outlay	\$ 638,182	\$ 516,757	\$ 121,425
<b>Total Expenditures:</b>	<b>\$ 638,182</b>	<b>\$ 516,757</b>	<b>\$ 121,425</b>

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

Fiscal Year Ended September 30, 2007	Budget	Actual	Variance - Positive (Negative)
<b>Expenditures:</b>			
Benefits	\$ -	\$ 39,521	\$ (39,521)
Administration	25,850	22,516	3,334
<b>Total Expenditures:</b>	<b>\$ 25,850</b>	<b>\$ 62,037</b>	<b>\$ (36,187)</b>

**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.*

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Schedule 1  
**Net Assets by Component**  
*(unaudited)*

Fiscal Year Ended 9/30	2003	2004	2005	2006	2007
Primary government - Governmental activities					
Invested in capital assets, net of related debt	\$ 13,733,266	\$ 13,766,688	\$ 13,927,169	\$ 13,616,882	\$ 15,242,622
Restricted	220,845	188,348	7,330,386	10,935,508	12,539,737
Unrestricted	4,369,674	6,419,983	2,411,964	7,583,456	8,865,089
<b>Total primary government net assets</b>	<b>\$ 18,323,785</b>	<b>\$ 20,375,019</b>	<b>\$ 23,669,519</b>	<b>\$ 32,135,846</b>	<b>\$ 36,647,448</b>

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	2007
<b>Expenses</b>					
Governmental activities:					
General government	\$ 2,697,863	\$ 2,651,973	\$ 3,454,422	\$ 3,605,207	\$ 3,952,081
Public Safety	9,297,049	9,327,155	9,745,475	9,986,194	11,023,359
Transportation	1,263,925	1,551,007	1,357,200	1,465,701	1,893,338
Culture/recreation	1,988,141	2,095,196	2,081,419	2,165,534	1,824,186
Physical environment	1,334,025	1,777,267	1,435,927	1,450,246	1,648,435
Interest on long term investments	92,222	76,342	256,928	245,757	232,741
<b>Total primary government expenses</b>	<b>\$ 16,673,225</b>	<b>\$ 17,478,940</b>	<b>\$ 18,331,371</b>	<b>\$ 18,918,639</b>	<b>\$ 20,574,140</b>
<b>Program Revenues</b>					
Governmental activities:					
Charges for Services	\$ 4,263,662	\$ 4,616,105	\$ 4,556,138	\$ 6,220,573	\$ 4,218,849
Operating Grants and Contributions	349,967	493,651	584,840	877,953	851,075
Capital Grants and Contributions	363,044	414,587	272,500	1,317,840	401,612
<b>Total primary government program revenues</b>	<b>\$ 4,976,673</b>	<b>\$ 5,524,343</b>	<b>\$ 5,413,478</b>	<b>\$ 8,416,366</b>	<b>\$ 5,471,536</b>
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (11,696,552)	\$ (11,954,597)	\$ (12,917,893)	\$ (10,502,273)	\$ (15,102,604)
<b>Total primary government net expense</b>	<b>\$ (11,696,552)</b>	<b>\$ (11,954,597)</b>	<b>\$ (12,917,893)</b>	<b>\$ (10,502,273)</b>	<b>\$ (15,102,604)</b>
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental activities:					
Taxes					
Property taxes	\$ 5,072,771	\$ 5,881,539	\$ 6,919,977	\$ 8,340,566	\$ 10,580,841
Utility service taxes	3,109,389	3,129,143	3,300,570	3,528,502	3,452,303
Franchise fees based on gross receipts	1,189,054	1,238,976	1,341,265	1,909,999	1,913,270
Gas taxes	369,364	386,466	401,269	387,706	373,913
Unrestricted intergovernmental shared revenues	2,728,749	3,060,459	3,351,262	3,490,017	3,357,658
Investment earnings	90,241	92,686	412,034	930,024	1,295,850
Miscellaneous revenues	188,505	216,562	401,442	381,786	124,817
<b>Total general revenues</b>	<b>\$ 12,748,073</b>	<b>\$ 14,005,831</b>	<b>\$ 16,127,819</b>	<b>\$ 18,968,600</b>	<b>\$ 21,098,652</b>
<b>Change in Net Assets</b>					
Governmental activities	\$ 1,051,521	\$ 2,051,234	\$ 3,209,926	\$ 8,466,327	\$ 5,996,048
<b>Total primary government</b>	<b>\$ 1,051,521</b>	<b>\$ 2,051,234</b>	<b>\$ 3,209,926</b>	<b>\$ 8,466,327</b>	<b>\$ 5,996,048</b>

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

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	2007
\$ 61,959	\$ 60,987	\$ 145,814	\$ 202,033	\$ 201,043	\$ 194,968
3,381,510	4,505,802	5,874,845	7,668,263	9,219,768	9,504,009
<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>	<u>\$ 9,698,977</u>
\$ 724,492	\$ 728,740	\$ 985,649	\$ 6,817,305	\$ 4,940,452	\$ 2,692,372
9,992	32,922	44,074	55,391	61,870	64,576
368,389	100,479	5,592,995	503,721	5,928,855	9,638,422
-	-	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>	<u>\$ 12,395,370</u>

Schedule 4

**Changes in Fund Balances, Governmental Funds**  
 (Modified accrual basis of accounting)  
 (unaudited)

Fiscal Year Ended 9/30	1998	1999	2000	2001
<b>Revenues</b>				
Taxes	\$ 6,763,123	\$ 7,853,719	\$ 7,638,848	\$ 8,221,701
Licenses and permits	854,695	898,930	1,087,317	1,016,996
Intergovernmental	2,865,702	3,408,225	3,109,350	3,106,122
Charges for services	1,367,397	1,236,898	1,392,878	1,455,503
Fines and forfeitures	95,415	115,037	116,810	127,586
Impact fees	584,531	108,487	100,311	125,334
Interest	247,308	281,029	420,715	409,117
Special assessments	57,696	36,371	35,208	34,804
Contributions	21,264	17,758	6,372	13,061
Sales of surplus materials	46,124	29,690	605,114	24,809
Rental income	48,000	72,000	65,797	59,324
Miscellaneous revenues	14,826	94,738	14,112	35,062
<b>Total revenues</b>	<b>12,966,081</b>	<b>14,152,882</b>	<b>14,592,832</b>	<b>14,629,419</b>
<b>Expenditures</b>				
General government	1,659,229	1,796,797	1,932,673	2,259,138
Public Safety	5,535,310	5,673,010	5,628,147	6,461,310
Transportation	916,481	977,576	989,134	1,099,042
Culture/Recreation	906,602	1,036,320	1,143,111	1,327,894
Physical environment	1,279,258	1,207,402	1,242,878	1,218,055
Capital outlay	1,422,789	2,295,616	1,849,066	2,477,368
Debt service				
Principal	252,500	227,137	304,289	316,384
Interest	104,979	84,625	63,694	52,285
Other debt service costs	-	11,000	-	6,500
<b>Total expenditures</b>	<b>12,077,148</b>	<b>13,309,483</b>	<b>13,152,992</b>	<b>15,217,976</b>
Excess of revenues over (under) expenditures	888,933	843,399	1,439,840	(588,557)
<b>Other Financing Sources (Uses)</b>				
Transfers in	556,626	1,173,262	1,965,455	1,449,523
Transfers out	(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
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>40,429</b>	<b>-</b>	<b>1,762,000</b>
<b>Net Change in fund balances</b>	<b>888,933</b>	<b>883,828</b>	<b>1,439,840</b>	<b>1,173,443</b>
<b>Fund balances - beginning, as restated</b>	<b>2,806,490</b>	<b>3,667,777</b>	<b>4,551,605</b>	<b>6,537,118</b>
<b>Fund balance - ending</b>	<b>\$ 3,695,423</b>	<b>\$ 4,551,605</b>	<b>\$ 5,991,445</b>	<b>\$ 7,710,561</b>
Debt services (principal & interest) as a percentage of non-capital expenditures	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	2007
\$	8,668,419	\$ 9,740,578	\$ 10,636,124	\$ 11,963,080	\$ 14,166,773	\$ 16,320,326
	1,070,278	1,616,972	1,261,603	1,242,119	1,412,060	1,001,365
	3,309,268	3,443,306	4,045,416	4,694,599	5,978,413	4,534,673
	1,688,496	2,247,315	2,446,893	2,501,932	2,530,525	2,685,897
	89,450	101,504	135,488	189,988	137,506	151,489
	499,622	286,679	571,506	327,722	1,838,001	81,087
	152,618	90,241	92,687	412,034	930,022	1,295,853
	29,809	19,068	15,318	16,801	10,547	6,828
	60,332	26,571	18,459	14,796	21,929	13,878
	27,438	44,937	29,695	20,845	11,638	14,341
	40,539	64,670	92,201	160,661	191,287	193,770
	13,795	141,744	222,967	170,172	149,079	142,372
	<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>	<u>26,441,879</u>
	2,404,839	2,536,410	2,846,270	3,104,802	3,342,910	3,367,221
	7,151,068	8,322,436	8,848,065	9,105,071	9,418,319	10,610,858
	1,117,702	1,183,020	1,308,203	1,271,357	1,359,785	1,348,709
	1,477,566	1,504,012	1,583,275	1,566,202	1,629,656	1,721,975
	1,302,286	1,320,588	1,367,842	1,368,557	1,386,181	1,537,118
	4,772,493	4,486,146	4,232,574	4,955,359	4,519,311	5,497,303
	471,430	491,114	511,627	451,526	370,146	383,143
	116,899	97,271	76,774	254,537	246,197	233,193
	-	-	-	-	-	-
	<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>	<u>24,699,520</u>
	(3,164,219)	882,588	1,793,727	2,637,338	5,105,275	1,742,359
	2,460,592	677,844	645,896	2,512,829	4,740,494	6,150,000
	(2,460,592)	(677,844)	(645,896)	(2,512,829)	(4,740,494)	(6,150,000)
	-	-	(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	1,742,359
	<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>20,351,988</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>	\$ <u>22,094,347</u>
	4.37%	3.96%	3.69%	4.30%	3.60%	3.32%

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
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
2007	1,760,354,601	299,391,904	24,452,769	2,084,199,274	20.82	3,047,784,990

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	
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
2008	4.70	0.00	3.98	0.54	7.36	0.58	0.89	0.53	0.12	18.70

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 Ten Years Ago

2007			1998		
Taxpayers	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxpayers	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Okeehetee Apt. Partners	\$ 59,130,948	2.84%	Keystone - West Palm Beach (Island Shores Apts.)	\$ 17,389,196	2.80%
MSKP Riverbridge (Riverbridge)	35,752,720	1.72%	Eastrich 129 Corp. (Riverbridge)	15,216,500	2.45%
Keystone - West Palm Beach (Island Shores Apts.)	26,822,488	1.29%	JBH Limited Co. (Woodlakes Plaza)	9,848,766	1.59%
Batmasian, James H	18,823,134	0.90%	SCM Realty, Inc. (Steve Moore Chevrolet)	7,957,094	1.28%
DR Horton Inc.	16,446,130	0.79%	Colonial MHC Ltd	6,801,421	1.10%
Gator Green Acres Ltd. (Greenacres Plaza)	12,556,161	0.60%	Gator Green Acres Ltd. (Greenacres Plaza)	6,250,000	1.01%
SCM Realty Inc. (Steve Moore Chevrolet)	12,912,643	0.62%	Wal-Mart Stores, Inc.	5,495,094	0.89%
PRIII Military Crossing LLC	11,000,000	0.53%	Pickwick Mobile Home Park	4,783,397	0.77%
Dayton Hudson Corp	11,781,578	0.57%	Mil-Lake Corp.	4,453,306	0.72%
JBH Limited Co. Ltd.	10,369,175	0.50%	Pine Ridge Partners	4,352,300	0.70%
<b>Total</b>	<b>\$ 215,594,977</b>	<b>10.34%</b>	<b>Total</b>	<b>\$ 82,547,074</b>	<b>13.31%</b>

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
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%
2007	10,569,211	10,403,721	98.4%	165,490	10,569,211	100.0%

Source: Tax Collector, Palm Beach County.

Schedule 9

**Ratios of Outstanding Debt by Type**

(unaudited)

Fiscal Year Ended 9/30	Population <sup>(1)</sup>	Median Family Income <sup>(2)</sup>	Outstanding Debt by Type				Percentage Personal Income	Per Capita
			General Obligation Bonds	Revenue Bonds	Bank Notes	Total		
1998	24,831	NA	\$ 1,925,000	\$ -	\$ -	\$ 1,925,000	NA	\$ 77.52
1999	25,609	NA	1,738,292	-	-	1,738,292	NA	67.88
2000	27,569	\$53,793	1,434,004	-	-	1,434,004	0.10%	52.02
2001	28,013	\$51,007	1,117,620	1,762,000	-	2,879,620	0.20%	102.80
2002	29,359	\$52,769	748,658	1,619,532	-	2,368,190	0.15%	82.03
2003	29,883	\$56,870	446,620	1,470,456	-	1,917,076	0.11%	64.15
2004	30,533	\$55,996	90,984	-	6,835,000	6,925,984	0.41%	226.84
2005	31,270	\$57,677	-	-	6,474,458	6,474,458	0.36%	207.05
2006	31,734	\$62,603	-	-	6,104,312	6,104,312	0.31%	192.36
2007	32,105	\$64,794 *	-	-	5,721,169	5,721,169	0.28%	178.20

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

(2) U.S. Census Bureau, American Community Survey (Palm Beach County).

\* Estimate

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
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%	-
2007	32,105	2,153,031,638	-	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, 2007	Net General Obligation Bonded Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Governmental Unit			
<b>Debt repaid with property taxes</b>			
Palm Beach School District	\$ 27,765,000	1.193%	\$ 331,236
Palm Beach County	313,515,000	1.193%	3,740,234
<hr/>			
Subtotal, overlapping debt	341,280,000		4,071,470
<hr/>			
<b>City direct debt</b>	-		-
<hr/>			
<b>Total direct and overlapping debt</b>	<b>\$ 341,280,000</b>		<b>\$ 4,071,470</b>
<hr/> <hr/>			

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	*							NA
2002	\$ 296,294	\$ 142,468	\$ 77,925	74.38%				NA
2003	312,338	149,076	71,321	70.56%				NA
2004	315,868	155,991	64,411	69.78%	**			NA
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%
2007	371,969	184,604	28,471	57.28%	13,352,005	198,539	204,722	3.02%

(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)
1998	24,831	\$ -	\$ 81,000	6,536	12,519	5.4%
1999	25,609	-	78,800	6,657	12,767	4.9%
2000	27,569	53,793	89,700	7,573	13,108	3.5%
2001	28,013	51,007	120,100	7,718	13,650	4.2%
2002	29,359	52,769	130,600	8,072	13,942	5.0%
2003	29,883	56,870	133,500	8,296	14,104	4.7%
2004	30,533	55,996	134,100	9,527	14,392	4.2%
2005	31,270	57,677	140,500	10,645	15,569	3.2%
2006	31,734	62,603	237,500	9,892	16,021	2.7%
2007	32,105	64,794 *	204,242	9,883	16,330	3.4%

Sources: (1) Bureau of Economic & Business Research (BEBR).  
 (2) U.S. Census Bureau, American Community Survey (Palm Beach County).  
 \* 2007 Estimate  
 (3) 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: 2007 School Enrollment based on 11-Day Count.  
 2007 Unemployment & Labor Force Rate based on 8 month average.

Schedule 15  
**Principal Employers\***  
 (unaudited)

Current Year and Ten Years Ago

2007			1998		
Employer	Employees	Percentage of Total Employment	Employer*	Employees	Percentage of Total Employment
School Board	21,707	3.50%	School Board	16,800	NA
Palm Beach County	11,293	1.82%	Palm Beach County	9,000	NA
Tenet Healthcare Corp.	4,794	0.77%	State Government	8,700	NA
HCA (Hospital Corp. of America)	3,411	0.55%	Federal Government	5,700	NA
Florida Power & Light	3,250	0.52%	Pratt & Whitney Aircraft	5,100	NA
Florida Atlantic University	2,923	0.47%	Columbia Palm Beach Health Care System	4,000	NA
The Breakers	2,300	0.37%	Intracoastal Healthcare Systems, Inc.	3,200	NA
Office Depot	2,180	0.35%	Flo Sun, Inc.	2,500	NA
Florida Crystals	1,800	0.29%	Motorola Inc.	2,300	NA
U.S. Sugar Corp.	1,800	0.29%	Florida Power & Light	2,300	NA
<b>Total</b>	<b>55,458</b>	<b>8.95%</b>	<b>Total</b>	<b>59,600</b>	<b>0.00%</b>

Source: Business Development Board of Palm Beach County.

\*Principal Employers in 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	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Function/Program										
Administration	5	5	6	7	8	8	8	8	8	8
Finance	14	14	15	15	15	15	15	15	15	15
Planning & Engineering	7	7	7	6	6	7	7	6	7	7
Building	11	11	11	11	11	11	11	11	11	11
Public Safety	90	91	92	94	106	104	104	108	113	117
Public Works	24	22	22	23	23	23	23	23	23	24
Leisure Services	12	16	16	16	17	17	17	17	17	17
<b>Total</b>	<b>163</b>	<b>166</b>	<b>169</b>	<b>172</b>	<b>186</b>	<b>185</b>	<b>185</b>	<b>188</b>	<b>194</b>	<b>199</b>

Source: City of Greenacres Department of Finance.

Schedule 17  
**Operating Indicators by Function/Program**  
*(unaudited)*

Fiscal Year Ended 9/30	2003	2004	2005	2006	2007
Function/Program					
General Government					
Population	29,883	30,533	31,270	31,734	32,105
Number of residential units	15,374	15,777	16,171	16,245	16,443
Number of solid waste accounts billed	7,118	7,439	7,731	7,805	8,002
Number of revenue transactions processed	19,151	19,505	20,882	21,779	22,015
Public Safety					
911 calls	24,651	26,236	25,137	26,728	26,242
Number of arrests by police officers	1,817	2,319	2,851	2,801	3,252
Number of traffic citations issued	5,106	7,298	7,017	7,533	8,018
EMS average response times (minutes)	4.4	4.4	4.3	4.3	4.3
Number of EMS calls	4,214	4,668	4,839	4,956	4,996
Number of code enforcement inspections	1,500	1,600	2,036	2,215	2,000
Transportation					
Number of lane miles maintained	21.97	21.97	22.25	22.25	22.27
Number of vehicle repair orders completed	-	1,394	1,412	1,215	1,152
Number of city vehicles maintained	-	93	93	95	95
Physical Environment					
Total park acreage maintained	85	85	85	85	85
Average cost per acre to mow	-	-	1,674	1,878	1,864
Cultural & Recreation					
Number of community events presented	14	13	13	13	11
Number of registrants in athletic programs	-	1,000	1,053	1,264	1,386
Number of participants in after school aged programs	143	149	160	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	2007
Function/Program					
General Government					
Office Buildings	6	6	6	6	8
Public Safety					
Public Safety Stations	2	2	2	2	2
Police Patrol Vehicles	26	26	26	28	28
Fire Trucks	5	5	5	5	5
EMS Units (Ambulances)	4	4	4	4	4
Transportation					
Street (miles)	43.94	43.94	44.50	44.50	44.50
Traffic Signs	950	950	950	986	1,096
Storm Water Inlets	407	407	407	407	407
Physical Environment					
Baseball/softball diamonds	6	6	6	6	6
Soccer fields	2	2	2	2	2
Cultural & Recreation					
Playgrounds	13	13	13	14	14
Community centers	1	1	1	1	1
Parks	13	13	13	13	13

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



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, 2007, which collectively comprise the City of Greenacres, Florida's basic financial statements and have issued our report thereon dated February 28, 2008. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Greenacres, Florida's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Greenacres, Florida's internal control over financial reporting.

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

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

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City 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 February 28, 2008.

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.

*Rawley, Holt & Minner, P.A.*

West Palm Beach, Florida  
February 28, 2008



NOWLEN, HOLT & MINER, P.A.

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MANAGEMENT LETTER

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

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We have audited the basic financial statements of the City of Greenacres, Florida, as of and for the year ended September 30, 2007, and have issued our report thereon dated February 28, 2008.

We conducted our audit in accordance with United States 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. 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 February 28, 2008, 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 govern the conduct of local government entity audits in the State of Florida and 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.

PRIOR YEAR COMMENTS

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. There were no prior year comments that needed to be addressed by management.

## CURRENT YEAR COMMENTS

### Investment of Public Funds

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the City's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds. 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, 2007.

### Current Year Recommendations

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management, accounting procedures, and internal controls. In connection with our audit for the fiscal year ended September 30, 2007, we did not have any such recommendations.

### Violations of Contracts and Grant Provisions or Abuse

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit for the fiscal year ended September 20, 2007, we did not have any such findings.

### Matters Inconsequential to the Financial Statements

Section 10.554(1)(i)5., Rules of the Auditor General, requires based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures; (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit for the fiscal year ended September 30, 2007, we did not have any such findings.

### Oversight Unit and Component Units

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 to the financial statements, but has been

repeated here. 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

Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, 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 fiscal year ended September 30, 2007.

#### Annual Financial Report

Section 10.554(1)(i)7.b., Rules of the Auditor General requires that we determine whether the annual financial report for the City of Greenacres for the fiscal year ended September 30, 2007, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 20, 2007. In connection with our audit, we noted that the two reports were in substantial agreement.

#### Financial Condition Assessment Procedures

Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, require that we apply financial condition assessment procedures. In connection with our audit, we applied financial condition assessment procedures. It is management's responsibility to monitor the 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.

#### Excess of Expenditures Over Appropriations

As indicated in Note 2 to the Budgetary Required Supplementary Information for the year ended September 30, 2007, there were no departments that had expenditures in excess of appropriations.

#### Single Audits

The City expended less than \$500,000 of federal awards and less than \$500,000 of state financial assistance for the year ended September 30, 2007 and was not required to have a state or federal single audit.

Response to Management Letter

We did not audit management's response to the management letter presented on page 87 and express no opinion on it

This management letter is intended solely for the information of the City of Greenacres, members of the City Council, management, the Florida Auditor General, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Rawles, Halt & Minen, P.A.*

West Palm Beach, Florida  
February 28, 2008



## City of Greenacres

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Samuel J. Ferreri  
Mayor

Wadie Atallah  
City Manager

February 28, 2008

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