



Comprehensive Annual Financial Report  
of the  
City of Greenacres, Florida  
For The Fiscal Year Ended  
September 30, 2009

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

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## City of Greenacres

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Samuel J. Ferreri  
Mayor

Wadie Atallah  
City Manager

March 12, 2010

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, 2009, which also includes the Independent Auditor's Report. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

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

The GASB 34 reporting model is intended to 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.

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

## FINANCIAL STATEMENT FORMAT

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

- ✓ The **introductory section**, which is unaudited, includes this transmittal letter, a list of principal officials, the City of Greenacres' organization chart, and the Government Finance Officers Association Certificate of Achievement for fiscal year ended 2008. 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, 2009. 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 the Notes to 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 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* and the Management Letter in Accordance with the Rules of the Auditor General of the State of Florida.

## PROFILE OF THE GOVERNMENT

The City of Greenacres, incorporated in 1926, is located in the central part of Palm Beach County, which until 2008 was 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 5.8 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 Directors 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, fire, emergency medical services, protective inspections, public works, planning, zoning, engineering, recreation and cultural events. The City provides solid waste collection and recycling services through a contract with a privately owned sanitation company. For fiscal year 2009, Veolia ES Solid Waste Southeast, Inc. (Onyx) 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. Prior to 2008, Palm Beach County was among the fastest growing metropolitan areas in the country, with a 2009 estimated population of 1,287,344. Greenacres is the tenth largest municipality in the County with a 2009 population of 32,370 (BEBR Census). The primary economic sectors of the County are agriculture, tourism, service industry and retirement housing. The City is a residentially oriented suburb, with supporting 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 2009 the City's economic growth remained slow due to the national recession and collapse of the housing and real estate market. The unemployment rate was 9.8 percent, while several construction projects were underway or completed. Residential projects included Verona Palms Townhomes (134 units), Sagewood (104 units) and the construction of 5 new homes in the City's original section. Commercial projects included Sonic Drive-In, Burger King, River Bridge Centre outparcel, and renovation of Greenacres Plaza.

The City has no industrial zoning, and, has no single large employers within the City limits. Palm Beach County School District and Palm Beach County government are two large local employers, with over 21,000 and 11,000 employees, respectively. The American Community Survey for Palm Beach County lists the three top trades as: 1) Educational, health care and social assistance, the largest sector at more than 105,000 employees; 2) Professional, scientific and administrative services at over 77,000; and 3) Retail Trade at approximately 76,000. The City's economy is primarily driven by residential and commercial developments representing a fairly broad spectrum of the population and business types, respectively.

## **MAJOR INITIATIVES**

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

- ✓ 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 a 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 class 3, an improvement from the last rating of class 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 2008 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 roadway medians and landscape of public right-of-ways. A multi-year project, partially funded by Community Development Block Grant (CDBG), provides for the construction of sidewalks, paving, drainage, 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 2008, with substantial completion in August of 2007. This was the largest single construction project in the history of the City. Since the hurricanes of 2004 and 2005, the City has replaced aging shutters on the old City Hall, purchased an AM radio system for emergency advisories, and improved roadway culverts in the original section neighborhood.

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. 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; at the close of fiscal year 2005, phase III of Freedom Park was completed; and in mid-2008 Phase IV was completed. Further improvements to Ira Van Bullock Park began with the demolition of the old Public Works building and expansion of the Community Center parking lot in mid-2008, and construction of a playground on the site of the old Public Works yard in April of 2009. A new parking area for the City's buses is currently under construction at the park.

## **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 FY 2010 budget was especially difficult due to a Constitutional Amendment passed by the voters on January 28, 2008, intended to lower property taxes. The amendment added a second \$25,000 Homestead Exemption, provided portability for "Save our Homes" constitutional amendment, added a \$25,000 Tangible Personal Property exemption and limited assessment increases on non-homestead properties to 10% per year. The decline in property values, coupled with the collapse of the residential building market provided additional challenges in preparing the FY 2010 Budget.

The cumulative impact of these events represented a 21.68% decline in the City's tax base as the taxable value declined from \$1,888,274,365 to \$1,479,194,142 (following a 12.19% decline last fiscal year). Further compounding this situation was the decline in other revenue sources such as sales tax due to a weak economy.

To address the impact of the limitations on property tax revenue imposed by the State Legislature during the last three (3) years, the City continued to prioritize essential services and desired levels of service in conjunction with budget preparation. Additionally, the City continued to close the gap between revenues and expenditures for non-essential services. The City developed several strategies for financial sustainability for future years. They are: 1) drawdown unreserved fund balance and maintain at or above 25% of annual expenditures; 2) reduce expenditures by evaluating staffing levels, overtime, and benefits; and 3) increase revenues by adjusting fee schedules and the tax rate.

Given the dismal condition of the real estate market in 2007 through 2009, 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. As has been pointed out during the last four (4) years, it is imperative to continue to focus on the long term future in relation to the growing service needs and the 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, Youth Programs, and Public Safety Donation Special Revenue Funds, and all Capital Project Funds are included in the annual appropriated budget. Chapter 932, Florida State Statutes prohibits budgeting revenue in the Forfeitures Special Revenue Fund. Expenditures in the Forfeitures Special Revenue Fund are appropriated through individual requests on a project-by-project basis at public meetings of the City Council. Budget amendments for all funds require prior City Council approval at public meetings. The level of budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is at the Departmental level.

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

## **Capital Financing**

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

## **Debt Service Administration**

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

## **Fiduciary Operations**

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

The City enrolled its employees in the State of Florida Retirement System (FRS) in 1973. In the 1995 legislative session, the State of Florida enacted a law that allowed municipalities and independent districts to opt future employees out of the Florida State Retirement System. Following detailed analysis of the options, the City Council voted to opt out of the Florida Retirement System (FRS) for all employees hired January 1, 1996, and thereafter. Pursuant to existing statute, all employees hired prior to that date will remain in FRS. The City of Greenacres Public Safety Officer and Firefighter Retirement Plan was established effective January 1, 1996, to cover high-risk employees with a defined benefit retirement plan. A defined contribution plan, entitled the City of Greenacres General Employees Retirement Plan, was established to cover all other employees. These two plans are expected to provide quality retirement options to new employees, while producing some savings to the City, when compared to FRS costs. The Florida League of Cities was selected to provide administrative services for both plans. Two pension trust funds were established to account for these new plans in fiscal year 1996.

## **Cash Management**

The City maintains one master pooled cash account for all funds with SunTrust Bank/South Florida N.A., a qualified public depository covered by the multiple financial institution collateral pool, administered by the State of Florida pursuant to the Florida Security for Deposits Act, Chapter 280, Florida Statutes. All deposits in this account are considered to be fully insured for risk categorization purposes. Balances above those necessary for daily transactions are transferred into an account maintained with the State of Florida Local Government Surplus Funds Trust Fund administered by the State Board of Administration (SBA). The State Board of Administration invests these funds in direct obligations or obligations unconditionally guaranteed by the U.S. Government and other conservative securities. Access to these funds is available through electronic funds transfer on a daily basis. Earnings from such investments are recorded as interest income. The average yield on investments during the year was 0.89 percent by the SBA in fiscal year 2009 for the State Surplus Funds Trust Fund. During fiscal year 2009 the City also invested in the Florida Municipal Investment Trust (FMIVT), 0-2 year high quality bond fund and 1-3 year high quality bond funds. During October 2008 the City transferred more than half of the SBA balance into five Certificates of Deposit at three qualified banks.

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, 2008. 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 eighteen consecutive years (fiscal years 1991-2008). 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, 2009. The City has received this award for the last seventeen 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 2009 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 \$18,468,448. 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**

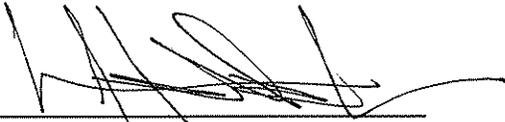
### **Independent Audit**

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 2005 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. The total federal awards expended for all federal programs was not more than \$500,000, a federal Single Audit in accordance with OMB Circular A-133 was not required to be performed 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. 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 would like to thank the Mayor and City Council for their guidance and support in establishing the policy for 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

**Norman W. Rose**  
Deputy Mayor- Councilman, District V

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

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

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

**Doris A. Fouts**  
Councilwoman, District IV

### 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

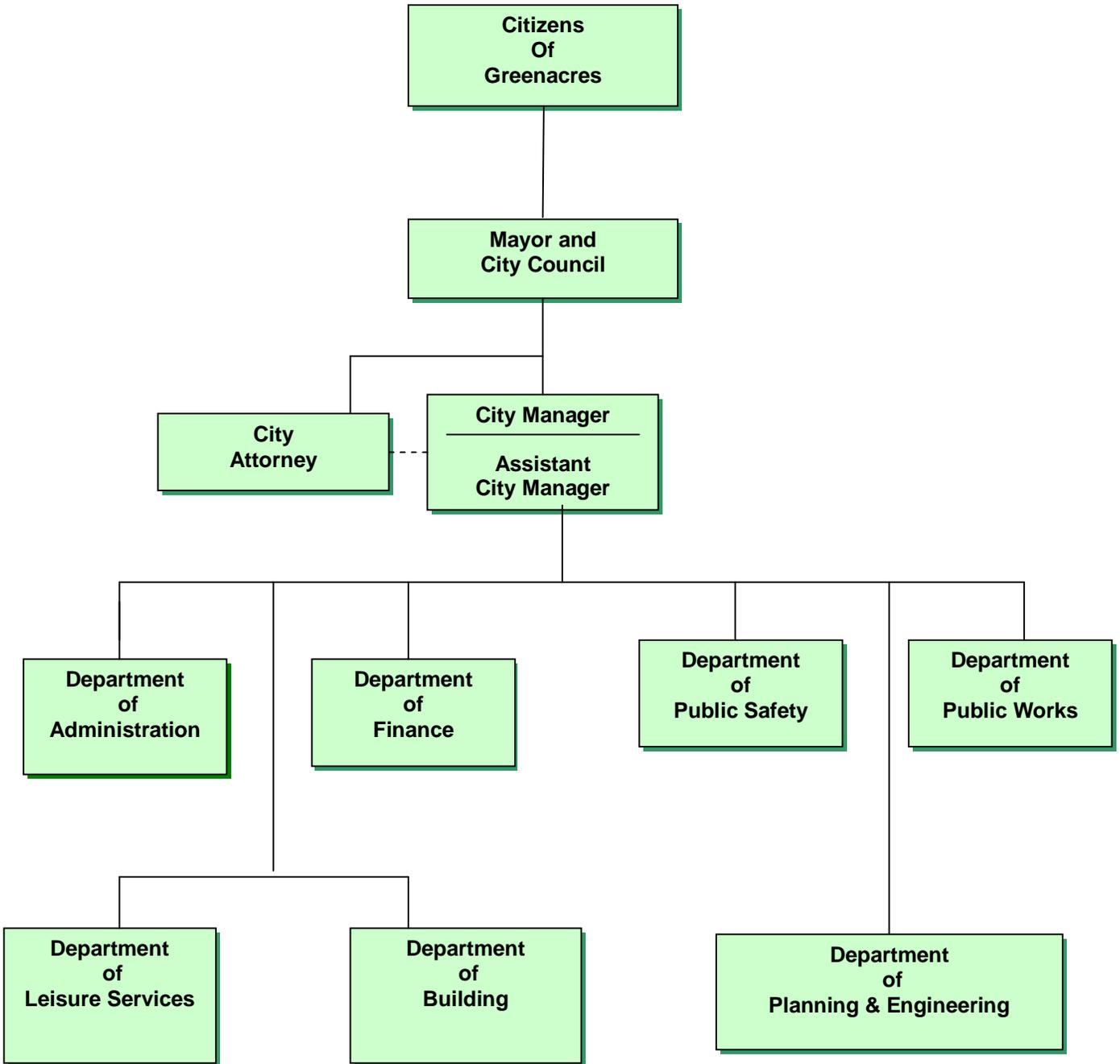
**Philip A. Ludos**  
Director of Public Safety

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

**Michael Grimm**  
Director of Building

As of September 30, 2009

# 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, 2008

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



President

Executive Director



# NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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TELEPHONE (561) 659-3060  
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EDWARD T. HOLT, CPA  
WILLIAM B. MINER, CPA  
ROBERT W. HENDRIX, JR., CPA  
JANET R. BARICEVICH, CPA

KATHLEEN A. MINER, CPA  
TERRY L. MORTON, JR., CPA  
N. RONALD BENNETT, CPA  
J. MICHAEL STEVENS, CPA  
DANIEL A. KIRCHMAN, CPA  
ALEXIA G. VARGA, CPA  
BRIAN J. BRESCIA, CFP®, CPA  
KARA D. PETERSON, CPA

## INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Greenacres, Florida, as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Greenacres, Florida, as of September 30, 2009, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2010 on our consideration of the City of Greenacres, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal 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 important for assessing the results of our audit.

Management's Discussion and Analysis on pages 3 through 14 and the required supplementary information on pages 47 through 54 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

*Nowlen, Holt & Mimer, P.A.*

West Palm Beach, Florida  
March 12, 2010

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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This section of the City of Greenacres' comprehensive annual financial report presents a narrative overview and analysis of the City's financial performance for the fiscal year ended September 30, 2009. 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. We encourage readers to consider the information presented here in conjunction with the Transmittal Letter (beginning on page i) and the City's basic financial statements (beginning on page 15) and notes to the financial statements (pages 23-46).

### FINANCIAL HIGHLIGHTS

Some of the City's financial highlights for the year ended September 30, 2009 are as follows:

#### ***Government-Wide Financial Statements***

The City's assets exceeded its liabilities by \$40.7 million (*net assets*), an increase of \$1.7 million (4.3%) over the prior year's ending net assets of \$39.0 million. Total net assets of the City are comprised of:

- Capital assets, net of related debt of \$17.2 million, is 42.4% of total net assets, and includes land, buildings, improvements, construction in process, and other capital assets, net of accumulated depreciation, and reduced by outstanding debt related to the construction of capital assets.
- Restricted net assets of \$14.7 million (36.2%); assets constricted by restraints imposed by parties, laws, or regulations outside of the City.
- Unrestricted net assets of \$8.7 million (21.4%) are available to meet the City's ongoing obligations to citizens and creditors.

#### ***Fund Financial Statements***

- The City's governmental funds reported combined fund balances of \$25 million, an increase of \$1.3 million, or 5.4% in comparison with the prior year. Approximately 97% of the fund balances, \$24.3 million, is unreserved.
- At the end of the current fiscal year, the general fund had a total fund balance of \$10.3 million. The unreserved portion of the fund balance was \$10.2 million, which was 46% of general fund expenditures plus transfers out.

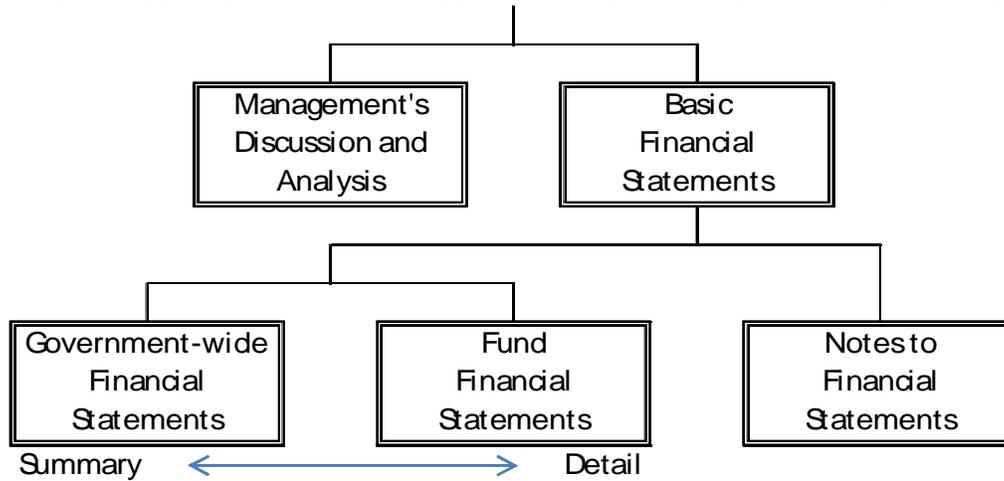
#### **Overview of the Financial Statements**

The financial section of this report consists of three parts: management's discussion and analysis, the basic financial statements (including the notes to the financial statements), and the combining and individual fund statements, including detailed budgetary comparison schedules. The basic financial statements present two views of the City using government-wide statements and fund financial statements.

The following shows how the required components of this report are arranged, and how they relate to one another.

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## REQUIRED COMPONENTS OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT



The first two basic financial statements are *government-wide statements* (pages 15-16) that provide information about the City's overall financial status. The remaining statements (pages 17-22) are *fund financial statements* that focus more on near-term inflows and outflows of financial resources. The fund financial statements include:

- Ø Governmental funds statements (pages 17-20) to report most of the City's operations, and
- Ø Fiduciary funds statements (pages 21-22) to report the financial status and results of activities for the City's Public Safety Officers and Firefighters Pension Plan.

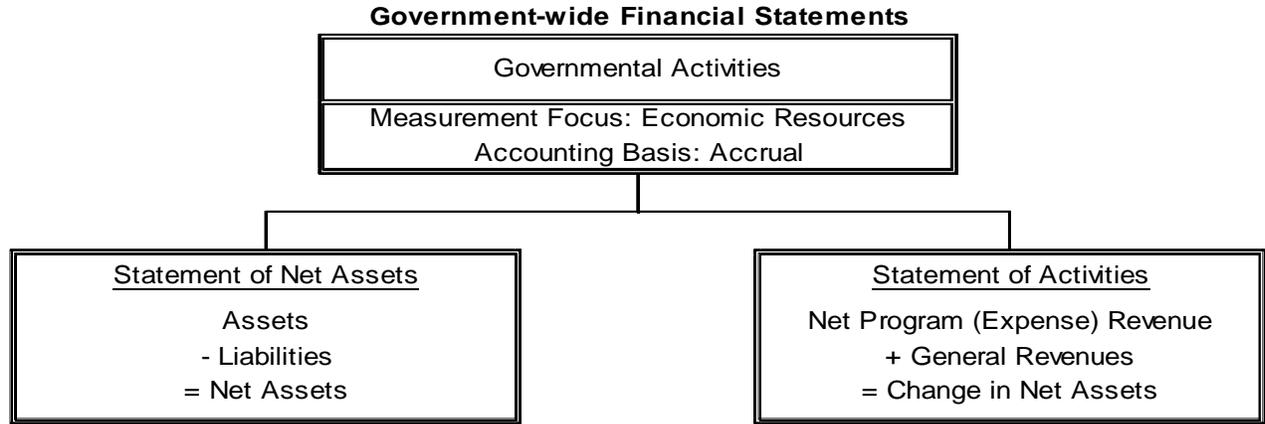
The financial statements also include notes (pages 23-46) that provide additional information essential for a full understanding of the financial data provided in the basic financial statements, as well as required supplementary information that includes a detailed budget analysis of the City's main operating General Fund (pages 47-54).

In addition to these required elements, a section is included with combining statements for the City's non-major funds, as well as detailed individual budgetary comparison schedules for those funds.

The remainder of this overview explains the structure and focus of the government-wide and fund financial statements.

### Government-wide Financial Statements

The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by private sector businesses. The primary features are reflected in the diagram on the next page.

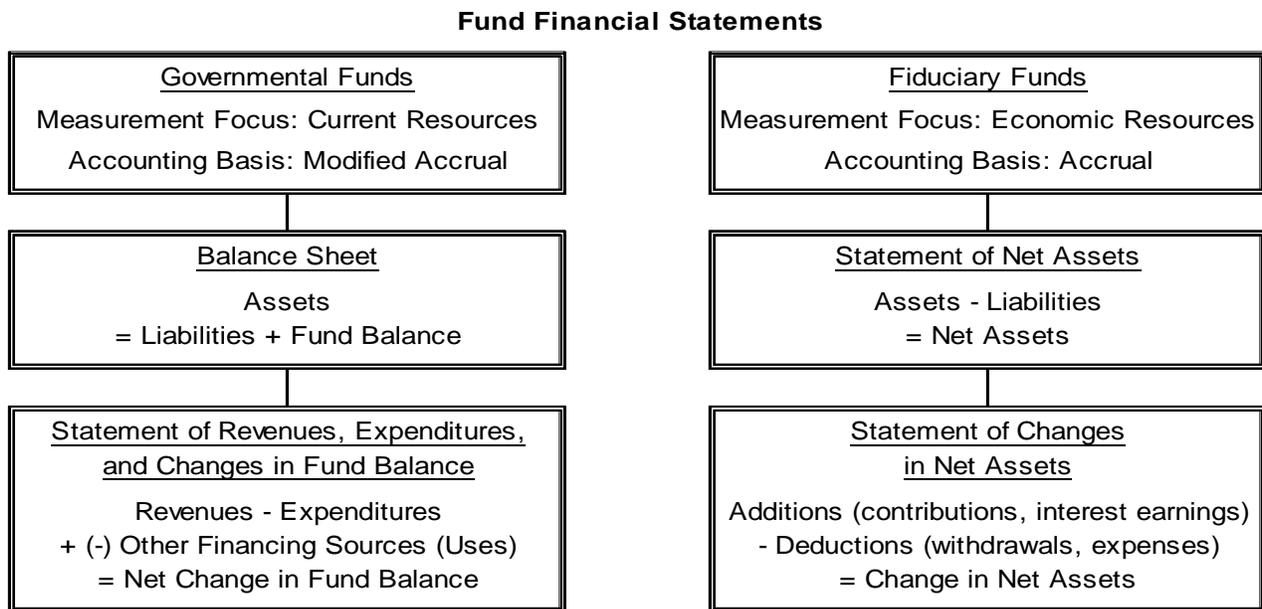


The Statement of Net Assets includes all of the City's assets and liabilities except fiduciary funds, with the difference between the two reported as net assets. This statement serves a purpose similar to that of the balance sheet of a private sector business. The Statement of Activities focuses on how the City's net assets changed during the year. Because it separates program revenue (revenue generated by functional programs, like Public Safety, or Culture/Recreation, through user charges, grants, and contributions) from general revenue (revenue provided by taxes and other sources), it can show to what extent each program relies on taxes for funding.

All changes in net assets are reported using the accrual method of accounting, which requires that revenues be reported when they are *earned* and expenses be reported when goods and/or services are *received*, regardless of when cash is actually received or paid.

**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. The main features of each are shown below.



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**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 cash, as well as cash balances available at year end (fund balance). Such information may be useful in evaluating a government's near-term financing requirements.

The focus of governmental funds is narrower than that of the government-wide financial statements, so 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 long-term impacts of 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 55-58 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 21-22 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 23-46 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 55-58 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 2008 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 15, shown with comparative financial information for the prior year.

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

	<b>2009</b>	<b>2008</b>	<b>Increase / (Decrease)</b>
Current and other assets	\$ 27,396	\$ 26,185	4.6%
Capital assets, net	22,148	21,972	0.8%
<b>Total assets</b>	<b>49,544</b>	<b>48,157</b>	<b>2.9%</b>
Current liabilities	1,798	2,059	( 12.7% )
Long-term liabilities	7,094	7,108	( 0.2% )
<b>Total liabilities</b>	<b>8,892</b>	<b>9,167</b>	( 3.0% )
<b>Net assets:</b>			
Invested in capital assets, net of related debt	17,234	16,647	3.5%
Restricted	14,724	13,062	12.7%
Unrestricted	8,694	9,281	( 6.3% )
<b>Total net assets</b>	<b>\$ 40,652</b>	<b>\$ 38,990</b>	<b>4.3%</b>

The largest portion of the City's net assets (\$17.2 million, or 42.4%) 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 (\$14.7 million, or 36.2%) 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 \$8.7 million, or 21.4% 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 2009 and 2008. At the end of the 2009 fiscal year, the City of Greenacres' assets exceeded liabilities by \$40.7 million, an increase of 4.3%, or \$1.7 million, over 2008.

**Changes in Net Assets**

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

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

	<u>2009</u>	<u>2008</u>	<u>Increase / (Decrease)</u>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 3,800	\$ 4,049	( 6.1% )
Operating grants and contributions	869	903	( 3.8% )
Capital grants and contributions	758	563	34.6%
General revenues:			
Property taxes	8,580	9,813	( 12.6% )
Other taxes	3,834	5,650	( 32.1% )
Other	5,570	3,721	49.7%
<b>Total revenues</b>	<b><u>23,411</u></b>	<b><u>24,699</u></b>	<b>( 5.2% )</b>
<b>Expenses:</b>			
General government	3,840	4,104	( 6.4% )
Public safety	12,115	11,815	2.5%
Transportation	1,494	1,567	( 4.7% )
Culture and recreation	2,266	2,790	( 18.8% )
Physical environment	1,829	1,861	( 1.7% )
Interest and other fiscal charges	205	219	( 6.4% )
<b>Total expenses</b>	<b><u>21,749</u></b>	<b><u>22,356</u></b>	<b>( 2.7% )</b>
<b>Increase in net assets</b>	1,662	2,343	( 29.1% )
<b>Beginning net assets</b>	38,990	36,647	6.4%
<b>Ending net assets</b>	<b><u>\$ 40,652</u></b>	<b><u>\$ 38,990</u></b>	<b>4.3%</b>

Ending net assets increased in fiscal year 2009, as total revenues decreased by 5.2% while expenses decreased by 2.7%. Several significant revenue sources were reclassified in fiscal 2009 affecting Capital Grants and Contributions (up 34% from the previous year), Other Taxes (down 32%), and Other General Revenues (up 49%). Without the effects of reclassifications, Capital grants and contributions would have decreased by \$156 thousand (27%); Other taxes would have increased by \$454 thousand, or 8%, due primarily to an increase in communications service taxes; Other general revenues would have remained about the same, decreasing by about 2%. There were no reclassifications in entity-wide expenses.

Aside from the significant changes from 2008 balances to 2009 caused by reclassifying several revenue sources, the economic recession helped drive down revenues and expenses across the board:

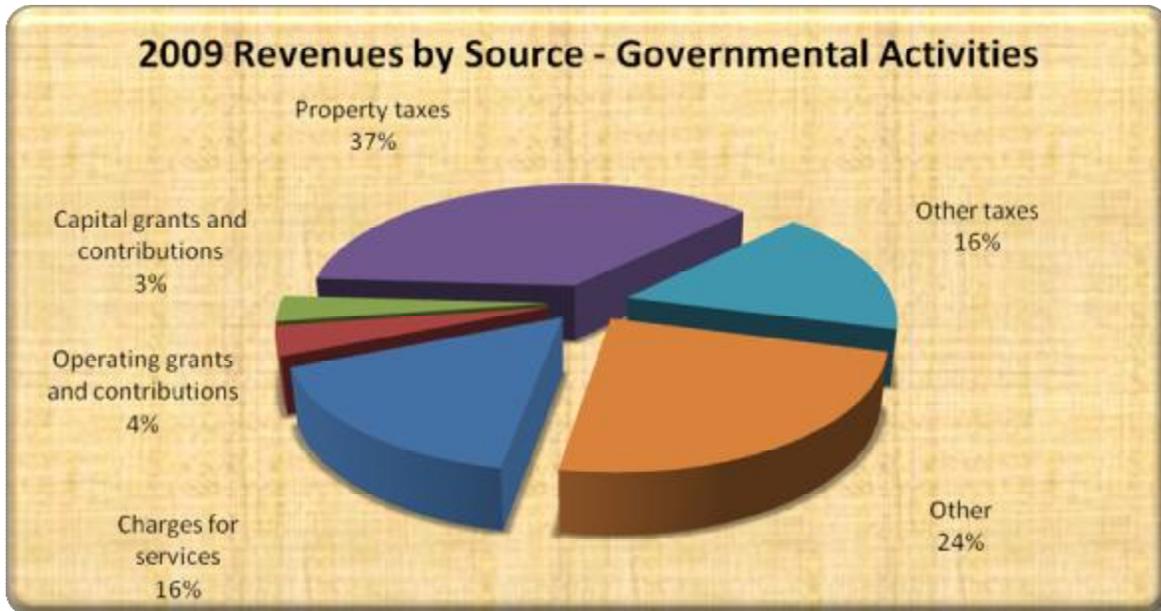
ØProperty tax revenues experienced the most significant decrease, falling by \$1.2 million (12.6%), after a decline of \$768 thousand in 2008, as property values continued to plummet in the City. Economists continue to debate the effects of the mortgage crisis and home foreclosures, with many estimating that home values could continue to fall for several more years.

ØCharges for services decreased by \$248 thousand, or 6%. Solid waste revenues were down \$50 thousand as unpaid garbage bills mounted. The City had to consider for the first time that a significant amount of garbage bills may ultimately be uncollectible as a result of home foreclosures. Ambulance fees were down \$90 thousand as the City decreased the waiting period before delinquent account were sent to collections, causing an increase in accounts written off in 2010. After school child care and camps participation was down as families struggled with

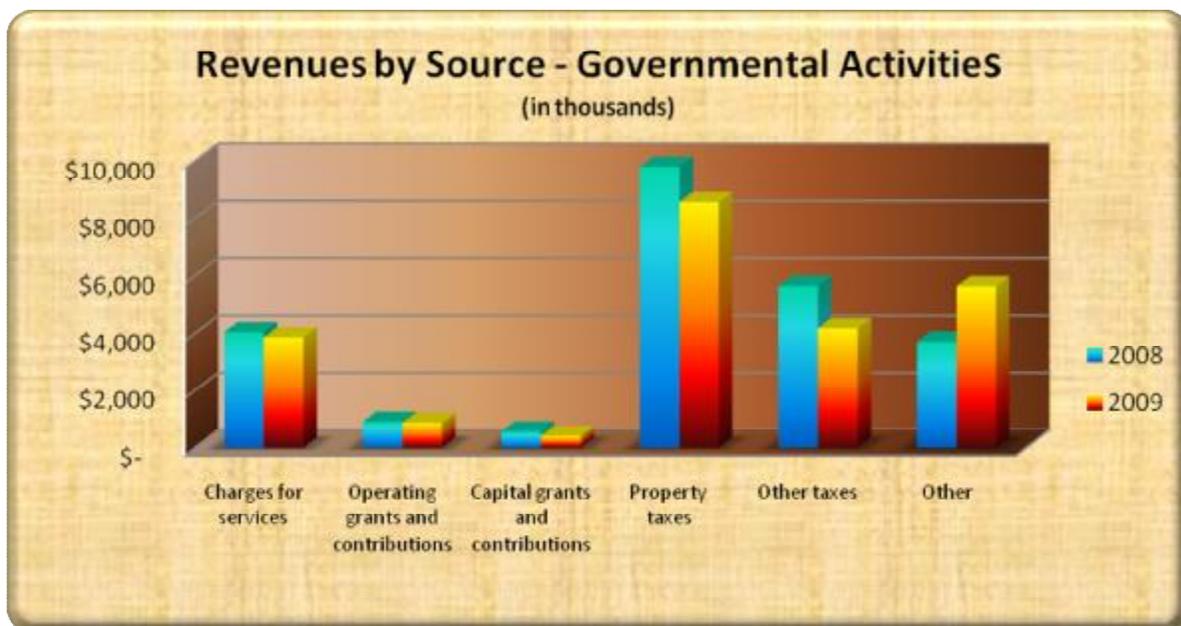
the economy, and fees were down \$80 thousand. Building permits, which had fallen significantly as construction slowed the previous year, remained low.

Ø Government-wide expenses decreased by 2.7% overall. Salaries and related expenses increased by \$616 thousand, or 4.2% in 2009. This was offset by a 65% reduction (\$354 thousand) in compensated absences in 2009 after a one-time significant increase in 2008 following a change in the calculation of termination benefits. Belt-tightening by all departments because of projected decreases in revenues allowed the City to reduce overall operating expenses by \$247 thousand, or 5.6%, in 2009.

Ø The chart below shows the major sources of revenues from governmental activities in 2009. It illustrates that property taxes comprise 36% of the revenue base and when included with other taxes, they finance 54% of the services provided by the City.



The chart below illustrates how the major revenue sources changed from 2008 to 2009.



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## 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 2009 fiscal year, the City's governmental funds reported combined ending fund balances of \$25 million, an increase of \$1.3 million from 2008. Approximately 97% (\$24.3 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 (\$353 thousand), 2) to pay debt service (\$127 thousand), 3) to support youth programs for school aged children (\$14 thousand), 4) to purchase police equipment (\$109 thousand), or 5) for other purposes (\$62 thousand).

The General Fund is the chief operating fund of the City of Greenacres. The total general fund balance was reduced by \$400 thousand in 2009, after a \$1 million increase in 2008. General fund revenues decreased \$1.4 million in 2009, while general fund expenditures increased \$400 thousand. The primary reason for the decrease in revenues was a second consecutive year of falling property values that generated \$1.2 million less property taxes in 2009. The increase in general fund expenditures was almost entirely attributable to salaries and related expenditures. The City managed to hold the line on total general fund expenditures, including transfers out, by reducing transfers for capital projects by \$400 thousand.

At the end of the 2009 fiscal year, unreserved fund balance of the general fund was \$10.2 million, and total fund balance was \$10.3 million. Generally, as a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. In 2009, the unreserved fund balance represents 46% of total general fund expenditures plus transfers out. The 2009 budget plan included transfers of \$3.1 million from the unreserved general fund balance to finance debt service and projects that are part of the City's planned capital improvements.

The City uses three Capital Projects Funds, all of which were considered major funds in fiscal year 2009. 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 year 2009 the City budgeted \$1.7 million for New Growth capital projects, and spent \$277 thousand including \$203 thousand for road and drainage improvements. The budget variance of \$1.4 million more budgeted than spent was primarily a software and hardware upgrade of \$1.2 million for a new Public Safety software system, and the hardware (servers and computers) to go with it. The project was planned for 2009, but the vendor selection process extended beyond the fiscal year end.

The Parks and Recreation Fund is used to account for the construction and refurbishment of parks and recreation facilities within the City. In 2009, \$506 thousand was budgeted, and the City paid \$470 thousand for parks and athletic fields upgrades. Of the \$36 thousand budgeted and not spent, \$29 thousand was reappropriated for 2010.

The Reconstruction and Maintenance Fund provides for rebuilding and replacement of the City's capital assets, not including parks. In 2009, \$1.4 million was budgeted and \$1.1 million was spent on two new ambulances (\$343 thousand), a new fire engine (\$366 thousand), vehicle replacements (\$124 thousand), and other maintenance projects (\$229 thousand). A variance of \$318 thousand budgeted but not spent includes \$243 thousand for the restoration of the old City Hall building at 301 Swain Blvd. The restoration was re-appropriated in 2010.

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## General Fund Budgetary Highlights

The difference between the 2009 adopted and final amended budget was a decrease of \$52 thousand. The schedule below reconciles the original and amended (final) general fund budget for fiscal 2009.

Original adopted budget October 1, 2008	\$ 23,531,468
<b><u>Additions to budget</u></b>	
2008 encumbrances reappropriated in 2009	52,123
<b><u>Deductions from budget</u></b>	
2009 encumbrances to be paid in Fiscal Year 2010	(100,310)
Cancelled 2008 encumbrances	<u>(3,571)</u>
Final budget September 30, 2009	<u><u>\$ 23,479,710</u></u>

The City uses a fully integrated encumbrance accounting system to control and manage purchases of goods and services with 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 appropriated 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.

Included in the final and amended general fund budget were transfers of \$3.1 million to other funds to finance planned Capital Improvement Projects (\$2.5 million), and pay debt service on the outstanding revenue refunding and public improvement bank notes (\$610 thousand). For the year, estimated revenues of \$22.3 million and an additional \$1.2 million of available fund balance were budgeted to cover total planned expenditures of \$23.5 million. After the results of all operations for the year, only \$400 thousand was need from reserves to cover actual expenditures of \$22.2 million.

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

Revenues had a negative variance of \$415 thousand less than originally budgeted.

- 1) General fund investment income was \$520 thousand less than originally estimated; \$203 thousand of the deficit was attributable to a reduction of the fund's share of pooled investments to offset interfund transfers for capital projects. Another \$158 thousand was a markdown to fair market value of investments held by the Florida local government investment pool's Fund B.
- 2) Total tax revenues came in \$662 thousand more than budgeted. Even though property taxes fell \$1.2 million from 2008 levels, the decrease was expected after property values in the City fell, and property tax revenues were budgeted accordingly; property taxes actually came in \$108 thousand higher than budgeted. (The City budgets 95% of expected ad valorem based on the tax roll, as allowed by Florida statutes.) Communications service taxes also came in significantly higher than anticipated, with a positive variance of \$506 thousand. This was the result of an internal review conducted by the Florida Department of Revenue, and much of the increase was a reimbursement of past under funding. Accordingly, it's expected that the remittances will decrease somewhat and level off over the next few years.

- 3) Electricity sales in the City were down as electric utility taxes and franchise fees came in a combined \$381 less than budgeted.
- 4) State shared revenues, including the half-cent sales tax, were \$275 thousand less than budgeted. Sales tax collections were down throughout the state as consumer spending shrunk in response to the struggling economy.

Expenditures had a positive variance, coming in \$1.3 million under budget.

General fund expenditures were \$1.3 million less than budgeted. Among the most significant positive expenditure budget variances (actual expenditures less than budgeted) were:

- 1) Unleaded and diesel fuels for City vehicles, \$240 thousand less than budgeted – 2009 budget was increased after fuel prices rose dramatically in 2008 (fuel expense was over budget by \$40 thousand in 2008);
- 2) Contingency funds budgeted for emergencies, \$150 thousand, and City Council discretion, \$100 thousand, were not used at all in 2009;
- 3) Electricity costs were \$106 thousand less than budgeted; electricity prices that were raised in 2008 because of increased fuel costs were reduced again in 2009 as fuel prices came down;
- 4) Liability and fleet insurance was \$102 thousand less than budgeted after a claims history review and refund of premium from our insurer.
- 5) Other operating expenditures (over three hundred expenditure line items) were cumulatively \$307 thousand less than budgeted;
- 6) Personnel expenditures across all departments were net \$314 thousand less than budgeted, due primarily to many open positions that were not filled.

### Capital Asset and Debt Administration

**Capital assets.** The City of Greenacres' investment in capital assets as of September 30, 2009, net of accumulated depreciation, is \$22.1 million, an increase of \$200 thousand from 2008. Significant asset additions were 2 ambulances, a fire truck, and 3 police pursuit vehicles totaling \$771 thousand, and parks improvements, including a walking path, gazebo, and play structures, totaling \$262 thousand. Total asset additions of \$1.4 million were offset \$124 thousand in asset disposals (net), and by depreciation of \$1.1 million on existing assets.

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

	<u>2009</u>	<u>2008</u>	<u>Increase / (Decrease)</u>
Land	\$ 7,266	\$ 7,266	0.0%
Buildings	7,994	8,308	( 3.8% )
Improvements other than buildings	4,522	4,470	1.2%
Furniture, fixtures and equipment	574	602	( 4.7% )
Vehicles	1,756	1,229	42.9%
Construction in Progress	36	97	( 62.9% )
<b>Total</b>	<b><u>\$ 22,148</u></b>	<b><u>\$ 21,972</u></b>	<b>0.8%</b>

Additional information can be found in Note 5 Capital Assets on page 34.

**Debt administration.** At year end 2009, the City had \$4.9 million of debt outstanding, consisting of \$408 thousand in revenue refunding and \$4.5 million in public improvement bank notes. Fiscal Year 2009 debt service payments reduced the overall debt by \$406 thousand.

The debt position of the City is summarized in the following table and is more fully explained in Note 6 Long-Term Liabilities on page 35.

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

	2009	2008	<u>Increase / (Decrease)</u>
Revenue Refunding Note Payable	\$ 408	\$ 604	( 32.5% )
Public Improvement Note Payable	<u>4,506</u>	<u>4,721</u>	( 4.6% )
 Total	 <u>\$ 4,914</u>	 <u>\$ 5,325</u>	 ( 7.7% )

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

At the time of this analysis one year ago, the country was in the grips of financial crisis, and the outlook was dim. One year later, all economic indicators point to a continuing uphill struggle. Florida unemployment reached 11.5% in November 2009, and is expected to peak at 12.5 percent in the summer of 2010. Economists are predicting that it won’t fall below double digits until the last quarter of 2012. High unemployment means more home foreclosures. Historically, high unemployment rates have affected 20 to 30 percent of homeowners’ ability to make their mortgage payments.

Homeowners seeking loan modifications are experiencing difficulties qualifying for programs that could stave off foreclosure. New legislation has forced banks to tighten their lending requirements. The weak labor market and tightening lending restrictions at the banks continues to exert downward pressure on property values. From September 2008 to December 2009, property values in Palm Beach County fell 23 percent\*.

Commercial real estate has also seen a significant drop in value. Retail rental rates have fallen by as much as half, and many tenants remain unable to pay rent at all. The precipitous drop in commercial real estate values -- combined with falling rental rates on nearly every property segment -- represents largest factor in the dearth of commercial real estate lending.

The banks have also been hurt by forces beyond their control, most notable the exit from the lending market by risk-averse insurers and pension funds, typically a key source for permanent mortgages. That has crippled commercial real estate owners seeking to refinance or simply shift loans from banks, as is usually done. That, in turn, has forced banks to keep mortgages on their books, which further limits their ability to cut new loans -- especially in the construction and real estate sectors.

Standard & Poor predicts the distressed home market may last three more years because of shadow inventories – pending foreclosures and repossessed homes that have not yet been put back on the market. Experts in the housing markets predict that home foreclosures will increase dramatically, and could double in 2010.

The City will continue to focus on providing the best and most cost effective services in these lean times. Through cost cutting measures and prioritizing projects, the City managed to reduce its expected 2009 budget deficit by 67 percent, from a budgeted 1.2 million to only \$400 thousand. Managing reserves will be extremely important in this weak economic environment.

In 2010, general fund revenues are expected to fall 6.5 percent, or \$1.4 million, from the amount collected in 2009. With adequate funding in place for future capital improvements, the City was able to reduce its 2010 commitments for capital projects to zero, and fund its debt reserves through 2011. Still, with an emphasis on

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preserving general fund reserves to deal with an uncertain economic environment that could last several more years, the City had to make the difficult choice of suspending salary increases in 2010 to preserve jobs and maintain a strong financial condition.

Budgeted 2010 general fund expenditures, including transfers for debt service, are \$21,638,224, a decrease of \$560 thousand from actual 2009 expenditures. With 2010 revenues predicted at \$20,514,842, it's expected that a budget deficit of \$1.2 million will be funded from the general fund reserve in 2010, reducing fund balance from \$10.7 million after the results of operations in 2009 to \$9.5 million in 2010.

### **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, 2009	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 342,685
Investments	24,565,794
Receivables (net)	
Accounts	1,809,900
Interest	231,641
Grants	72,294
Assessments	15,569
Inventory	28,719
Prepaid items	34,068
Prepaid pension contributions	295,236
Capital assets	
Non-depreciable	7,301,228
Depreciable (net of depreciation)	14,846,550
Total assets	49,543,684
<b>Liabilities</b>	
Accounts payable and other current liabilities	747,156
Accrued payroll and related taxes	430,256
Unearned revenue	571,357
Accrued bond interest payable	1,455
Deposits	47,480
Due within one year:	
Compensated absences	671,074
Bonds and notes payable	425,011
Due in more than one year:	
Compensated absences	1,307,451
Other post employment benefits	201,860
Bonds and notes payable	4,488,995
Total liabilities	8,892,095
<b>Net Assets</b>	
Invested in capital assets, net of related debt	17,233,772
Restricted for:	
Capital projects	14,409,582
Debt service	125,375
Public safety	134,289
Youth programs	16,862
Arboreous activities	37,598
Unrestricted	8,694,111
Total net assets	\$ 40,651,589

See accompanying notes to basic financial statements.

## Statement of Activities

For the Fiscal Year Ended September 30, 2009	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Functions/Programs					
Governmental activities:					
General government	\$ 3,840,349	\$ 351,243	\$ -	\$ -	\$ (3,489,106)
Public safety	12,114,776	1,967,450	551,237	61,542	(9,534,547)
Transportation	1,493,901	-	-	351,185	(1,142,716)
Culture/recreation	2,265,944	409,508	292,608	260,238	(1,303,590)
Physical environment	1,828,938	1,072,221	25,449	84,878	(646,390)
Interest on long-term debt	205,276	-	-	-	(205,276)
Total governmental activities	\$ 21,749,184	\$ 3,800,422	\$ 869,294	\$ 757,843	\$ (16,321,625)

General revenues:

Taxes:

Property taxes	8,579,942
Utility service taxes	3,833,724
Franchise fees based on gross receipts	1,919,486
Unrestricted intergovernmental shared revenues	2,950,325
Investment earnings	733,981
Net decrease in fair value of investments	(157,595)
Miscellaneous revenues	123,406
Total general revenues and transfers	17,983,269
Change in net assets	1,661,644
Net assets - beginning	38,989,945
Net assets - ending	\$ 40,651,589

See accompanying notes to basic financial statements.

Balance Sheet  
Governmental Funds

September 30, 2009	Capital Projects						Total Governmental Funds
	General	New Growth	Parks and Recreation	Reconstruction and Maintenance	Nonmajor Governmental Funds		
<b>Assets</b>							
Cash and cash equivalents	\$ 342,685	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 342,685
Investments	9,474,969	4,549,487	3,705,364	6,533,933	302,041		24,565,794
<b>Receivables (net)</b>							
Accounts	1,809,900	-	-	-	-	-	1,809,900
Interest	195,118	6,087	6,087	24,349	-	-	231,641
Grants	10,660	-	40,959	-	20,675	-	72,294
Assessments	15,569	-	-	-	-	-	15,569
Inventories	28,719	-	-	-	-	-	28,719
Prepaid items	33,355	-	-	-	713	-	34,068
<b>Total assets</b>	<b>\$ 11,910,975</b>	<b>\$ 4,555,574</b>	<b>\$ 3,752,410</b>	<b>\$ 6,558,282</b>	<b>\$ 323,429</b>	<b>\$ -</b>	<b>\$ 27,100,670</b>
<b>Liabilities and fund balances</b>							
<b>Liabilities</b>							
Accounts payable and other liabilities	\$ 698,519	\$ 6,388	\$ 33,223	\$ 1,440	\$ 7,586	\$ -	\$ 747,156
Accrued payroll and related taxes	424,714	-	-	-	5,542	-	430,256
Deferred revenue	406,615	6,088	426,155	24,349	1,580	-	864,787
Deposits	47,480	-	-	-	-	-	47,480
<b>Total liabilities</b>	<b>1,577,328</b>	<b>12,476</b>	<b>459,378</b>	<b>25,789</b>	<b>14,708</b>	<b>-</b>	<b>2,089,679</b>
<b>Fund balances</b>							
<b>Reserved for:</b>							
Encumbrances	100,310	120,242	129,018	-	3,134	-	352,704
Inventories	28,719	-	-	-	-	-	28,719
Prepaid items	33,355	-	-	-	-	-	33,355
Police equipment	-	-	-	-	109,205	-	109,205
Youth programs	-	-	-	-	13,728	-	13,728
Debt service	-	-	-	-	126,830	-	126,830
<b>Unreserved - designated for subsequent</b>							
year expenditures	1,123,382	1,509,572	-	534,422	7,500	-	3,174,876
Unreserved - undesignated	9,047,881	2,913,284	3,164,014	5,998,071	-	-	21,123,250
<b>Unreserved, reported in nonmajor funds:</b>							
Special revenue funds	-	-	-	-	48,324	-	48,324
<b>Total fund balances</b>	<b>10,333,647</b>	<b>4,543,098</b>	<b>3,293,032</b>	<b>6,532,493</b>	<b>308,721</b>	<b>-</b>	<b>25,010,991</b>
<b>Total liabilities and fund balances</b>	<b>\$ 11,910,975</b>	<b>\$ 4,555,574</b>	<b>\$ 3,752,410</b>	<b>\$ 6,558,282</b>	<b>\$ 323,429</b>	<b>\$ -</b>	<b>\$ 27,100,670</b>

See accompanying notes to basic financial statements

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

For the Fiscal Year Ended September 30, 2009

Fund balances total governmental funds \$ 25,010,991

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	\$ 34,832,352	
Less accumulated depreciation	(12,684,574)	22,147,778

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		47,817
Solid waste collection fees		95,000
Interest revenue		150,613

Advance contributions for defined benefit pension plans were not included in the determination of the net pension asset but are included in the statement of net assets. Because they do not represent available, spendable resources, they are not reported in governmental funds.

295,236

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	(4,914,006)	
Accrued interest payable on long-term debt	(1,455)	
Other post employment benefits	(201,860)	
Compensated absences	(1,978,525)	(7,095,846)

<u>Net assets of governmental activities</u>		<u>\$ 40,651,589</u>
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See accompanying notes to basic financial statements.

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

For the Fiscal Year Ended September 30, 2009	Capital Projects					Nonmajor Governmental Funds	Total Governmental Funds
	General	New Growth	Parks and Recreation	Reconstruction and Maintenance			
<b>Revenues:</b>							
Taxes	\$ 13,464,277	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,464,277
Licenses and permits	2,242,004	-	-	-	-	-	2,242,004
Intergovernmental revenues	3,085,838	84,878	311,213	48,299	292,108	292,108	3,822,336
Charges for services	2,411,182	-	-	-	179,872	179,872	2,591,054
Fines and forfeitures	161,374	-	-	-	14,630	14,630	176,004
Impact fees	-	8,010	-	-	-	-	8,010
Interest	169,235	109,961	99,212	199,684	5,276	5,276	583,368
Net decrease in fair value of investments	(157,595)	-	-	-	-	-	(157,595)
Special assessments	5,036	-	-	-	-	-	5,036
Contributions	2,566	-	384	5,000	14,306	14,306	22,256
Rental income	249,880	-	145,026	-	-	-	394,906
Miscellaneous revenues	126,132	-	-	-	-	-	126,132
<b>Total revenues</b>	<b>21,759,929</b>	<b>202,849</b>	<b>555,835</b>	<b>252,983</b>	<b>506,192</b>	<b>506,192</b>	<b>23,277,788</b>
<b>Expenditures:</b>							
<b>Current:</b>							
General government	3,305,411	-	-	-	-	-	3,305,411
Public safety	11,532,953	-	-	-	4,808	4,808	11,537,761
Transportation	1,364,193	-	-	-	-	-	1,364,193
Culture/recreation	1,122,678	-	-	-	508,825	508,825	1,631,503
Physical environment	1,671,044	-	-	-	-	-	1,671,044
Capital outlay	52,601	277,091	470,562	1,061,904	8,360	8,360	1,870,518
<b>Debt service:</b>							
Principal retirement	-	-	-	-	410,557	410,557	410,557
Interest	-	-	-	-	205,756	205,756	205,756
<b>Total expenditures</b>	<b>19,048,880</b>	<b>277,091</b>	<b>470,562</b>	<b>1,061,904</b>	<b>1,138,306</b>	<b>1,138,306</b>	<b>21,996,743</b>
Excess (deficiency) of revenues over (under) expenditures	2,711,049	(74,242)	85,273	(808,921)	(632,114)	(632,114)	1,281,045
<b>Other financing sources (uses):</b>							
Transfers in	-	1,000,000	500,000	1,000,000	610,000	610,000	3,110,000
Transfers out	(3,110,000)	-	-	-	-	-	(3,110,000)
<b>Total other financing sources (uses)</b>	<b>(3,110,000)</b>	<b>1,000,000</b>	<b>500,000</b>	<b>1,000,000</b>	<b>610,000</b>	<b>610,000</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(398,951)</b>	<b>925,758</b>	<b>585,273</b>	<b>191,079</b>	<b>(22,114)</b>	<b>(22,114)</b>	<b>1,281,045</b>
<b>Fund balances - beginning</b>	<b>10,732,598</b>	<b>3,617,340</b>	<b>2,707,759</b>	<b>6,341,414</b>	<b>330,835</b>	<b>330,835</b>	<b>23,729,946</b>
<b>Fund balances - ending</b>	<b>\$ 10,333,647</b>	<b>\$ 4,543,098</b>	<b>\$ 3,293,032</b>	<b>\$ 6,532,493</b>	<b>\$ 308,721</b>	<b>\$ 308,721</b>	<b>\$ 25,010,991</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

For the Fiscal Year Ended September 30, 2009

Net change in fund balances - total governmental funds \$ 1,281,045

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	\$ 1,341,131	
Less current year depreciation	(1,137,828)	203,303
Net book value of capital asset disposals		(27,381)

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:

Accrued interest income on investments		150,613
Change in compensated absences		(194,566)
Change in other post employment benefits		(201,860)

Net effect of accrued interest on long-term debt (difference between amount that would have been accrued in prior year and current year accrual) 480

The repayment of the principal of long-term debt consumes current financial resources of the governmental funds. 410,557

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

Solid waste collection fees	95,000	
Recreation Assistance Program Grant	20,000	
E-9-1-1 Grant	6,610	
Bullet Proof Vest Grant	248	
Bicycle/Pedestrian Path Grant	(76,922)	
Safety Grant	(5,483)	39,453

Change in net assets of governmental activities \$ 1,661,644

See accompanying notes to basic financial statements.

Statement of Fiduciary Net Assets

	Public Safety Officers and Firefighters Pension Plan
<u>September 30, 2009</u>	
Assets	
Investments in external pool	\$6,758,174
Accounts receivable	481,331
<u>Total assets</u>	<u>7,239,505</u>
Net assets	
Held in trust for pension benefits	<u>\$7,239,505</u>

See accompanying notes to basic financial statements.

Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds

For the Fiscal Year Ended September 30, 2009	Public Safety Officers and Firefighters Pension Plan
Additions:	
Contributions:	
Employer	\$ 5,153
Plan members	206,045
State on-behalf payments	481,331
Total contributions	692,529
Investment income:	
Net increase in fair value of investments	163,717
Total investment income	163,717
Total additions	856,246
Deductions	
Refund of member contributions	17,158
Administrative expense	24,751
Total deductions	41,909
Net increase	814,337
Net assets held in trust for pension benefits	
Net assets - beginning	6,425,168
Net assets - ending	\$ 7,239,505

See accompanying notes to basic financial statements.

## **1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

### ***Financial Reporting Entity***

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

### ***Government-Wide and Fund Financial Statements***

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

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

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

***Government-Wide and Fund Financial Statements*** (Continued)

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

***Measurement Focus, Basis of Accounting and Financial Statement Presentation***

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for solid waste collection fees and ambulance transport fees which are considered available if collected within six months 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 or construction 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 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 governmental 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.

Additionally, the City reports the following fund types:

*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.

**Prepaid Items**

Expenditures/expenses for insurance premiums and other administrative costs extending over more than one accounting period are accounted for as prepaid items and allocated between accounting periods. Prepaid items in governmental funds are accounted for using the consumption method.

**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 collectibility of accounts receivable, the use and recoverability of inventory, and useful lives and impairment of tangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from estimates.

**2 - DEPOSITS AND INVESTMENTS**

***Deposits***

In addition to insurance provided by the Federal Depository Insurance Corporation, deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral. In the event of failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. The City's deposits at year end are considered insured for custodial credit risk purposes. As of September 30, 2009, the City's deposits included \$10,000,000 of certificates of deposit with terms to maturity of greater than three months when purchased. These certificates of deposit are reported as investments.

**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.

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 Pool 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, (Local Government Surplus Funds Trust Fund Investment Pool) consisted of all money market appropriate assets, which was approximately \$12 billion or 86% of Pool assets. Pool B, (Surplus Funds Trust Fund) 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.

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

***Investments*** (Continued)

On August 3, 2009, the SBA announced "Florida PRIME" as the highly enhanced version of the SBA's prior Local Government Investment Pool. Pool A is now referred to as Florida PRIME, and Pool B is referred to as Fund B. From December 2007 through September 2009, the SBA transferred a total of \$1.46 billion in liquid assets from Fund B to participants in Florida PRIME. This amount represents approximately 73% of their original adjusted Fund B balances.

At September 30, 2009, Florida PRIME was assigned a "AAAm" principal stability fund rating by Standard and Poor's. Florida PRIME is considered a SEC 2a7-like fund, thus, the account balances should be considered its fair value. Fund B is not rated by any national rating agency.

Fund B is accounted for as a fluctuating NAV pool. The fair value factor for September 30, 2009 was 0.54915069. The factor should be multiplied by the account balance in order to calculate the fair value of the investment in Fund B.

The weighted average days to maturity (WAM) of Florida PRIME at September 30, 2009 was 33 days. A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of Florida PRIME to interest rate changes.

The weighted average life based on expected cash flows (WAL) of Fund B at September 30, 2009 was 6.69 years. However, because Fund B consists of restructured or defaulted securities there is considerable uncertainty regarding the weighted average life.

As of September 30, 2009, the City of Greenacres had \$2,511,487 invested in Florida PRIME. The cost basis of its investment in Fund B as of September 30, 2009 was \$761,578 and the fair value and adjusted book value was \$418,221. Additional information regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration.

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 FMIT has created several portfolios to provide local governments with eligible investment vehicles to pool their surplus funds. The City invests in the 0-2 Year High Quality Bond Fund and the 1-3 Year High Quality Bond Fund created under the FMIT. The 0-2 Year High Quality Bond Fund was known as the High Quality Government Fund prior to April 1, 2009.

The 0-2 Year Fund invests in fixed income assets with a duration greater than 0.5 years, but less than 1.25 years. On June 4, 2009, the Board of Trustees approved expanding the fund's eligible assets to include U.S. Government Obligations, U.S. Agencies, Money Market Obligations, Asset Backed Securities, Mortgage Backed Securities including CMO's and Commingled Investment funds. At September 30, 2009, the fund was rated "AAAf/S1" by Standard and Poor's.

The 1-3 Year Fund invests in government and high quality securities while maintaining an average maturity of approximately two years. Neither the Fund nor its yield is guaranteed by the U.S. Government. At September 30, 2009, the fund was rated "AAA/V2" by Fitch Rating.

**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 Florida Municipal Investment Trust. At September 30, 2009, the plan assets were invested in the following FMIT investment portfolios/funds:

<u>Portfolio/Fund</u>	<u>Percent</u>
Cash	0.7%
Broad Market High Quality Bond Fund	41.5%
High Quality Growth Portfolio	7.4%
Large Cap Diversified Value Portfolio	7.8%
Russell 1000 Enhanced Index Portfolio	22.7%
Diversified Small Cap Equity Portfolio	10.6%
International Blend Portfolio	<u>9.3%</u>
	<u>100.0%</u>

Shares of the portfolios are neither insured nor guaranteed by any U.S. Government agency, including the FDIC. At September 30, 2009, the Broad Market High Quality Bond Fund was rated AA/V4 by Fitch Rating and had a weighted average maturity of 4.81 years.

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	\$ 342,685
<u>Investments</u>	<u>31,323,968</u>
<u>Total deposits and investments</u>	<u>\$31,666,653</u>

Presented in the statement of net assets:	
Cash	\$ 342,685
<u>Investments</u>	<u>24,565,794</u>
Total statement of net assets	24,908,479

Presented in the statement of fiduciary net assets:	
<u>Investments</u>	<u>6,758,174</u>
<u>Total deposits and investments</u>	<u>\$31,666,653</u>

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

As of September 30, 2009, 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:		
Certificates of Deposit	205 days	\$10,000,000
State Board of Administration Investment Pool		
Florida PRIME	33 days	2,511,487
Fund B	6.69 years	418,221
Florida Municipal Investment Trust Pool		
0-2 Year High Quality Bond Fund	0.85 years	5,740,632
1-3 Year High Quality Bond Fund	1.58 Years	5,895,454
Florida Municipal Pension Trust Pool	N/A	6,758,174
		<u>\$31,323,968</u>

As of September 30, 2009, the City's investment in certificates of deposit consisted of the following:

	Maturity	Fair Value
Certificate of Deposit	22 days	\$1,000,000
Certificate of Deposit	53 days	2,000,000
Certificate of Deposit	78 days	2,000,000
Certificate of Deposit	107 days	1,000,000
Certificate of Deposit	261 days	1,000,000
Certificate of Deposit	262 days	1,000,000
Certificate of Deposit	387 days	1,000,000
Certificate of Deposit	753 days	1,000,000
		<u>\$10,000,000</u>

**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, 2009, the credit quality ratings for the City's investments in debt securities were as follows:

<u>Investment</u>	<u>Rating</u>
SBA Florida PRIME	AAAm – Standard and Poors
SBA Fund B	Not Rated
FMIT 0-2 Year High Quality Bond Fund	AAAf/S1– Standard and Poors
FMIT 1-3 Year High Quality Bond Fund	AAA/V2 - Fitch
FMIT Broad Market High Quality Bond Fund	AA/V4 - Fitch

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

***Investments*** (Continued)

**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 receivables as of September 30, 2009 are as follows:

Accounts receivable	\$1,967,552
Grants receivable	72,294
Interest receivable	231,641
<u>Assessments receivable</u>	<u>15,569</u>
 Total receivables	 2,287,056
 <u>Less allowance for uncollectibles</u>	 <u>(157,652)</u>
 <u>Net total receivables</u>	 <u>\$2,129,404</u>

**4 - INTERFUND TRANSACTIONS**

The following is a summary of interfund transfers for the year ended September 30, 2009:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Fund:		
General Fund	\$	\$3,110,000
New Growth Fund	1,000,000	
Parks and Recreation Fund	500,000	
Reconstruction and Maintenance Fund	1,000,000	
<u>Nonmajor funds in the aggregate</u>	<u>610,000</u>	
<u>Total interfund transfers</u>	<u>\$3,110,000</u>	<u>\$3,110,000</u>

Transfers to the nonmajor funds include \$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 Municipal Complex 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, 2009, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 7,265,636	\$ -	\$ -	\$ 7,265,636
Construction in progress	97,186	35,592	(97,186)	35,592
<u>Total assets not being depreciated</u>	<u>7,362,822</u>	<u>35,592</u>	<u>(97,186)</u>	<u>7,301,228</u>
Capital assets being depreciated:				
Buildings	12,684,240	-	-	12,684,240
Improvements other than buildings	7,954,265	459,458	(92,963)	8,320,760
Furniture, fixtures, and equipment	1,888,730	120,984	(64,941)	1,944,773
Vehicles	3,864,952	822,283	(105,884)	4,581,351
<u>Total assets being depreciated</u>	<u>26,392,187</u>	<u>1,402,725</u>	<u>(263,788)</u>	<u>27,531,124</u>
Less accumulated depreciation for:				
Buildings	(4,376,269)	(313,194)	-	(4,689,463)
Improvements other than buildings	(3,484,486)	(402,788)	88,156	(3,799,118)
Furniture, fixtures, and equipment	(1,286,696)	(149,460)	64,940	(1,371,216)
Vehicles	(2,635,703)	(272,386)	83,312	(2,824,777)
<u>Accumulated depreciation</u>	<u>(11,783,154)</u>	<u>(1,137,828)</u>	<u>236,408</u>	<u>(12,684,574)</u>
<u>Total assets being depreciated, net</u>	<u>14,609,033</u>	<u>264,897</u>	<u>(27,380)</u>	<u>14,846,550</u>
<u>Capital assets, net</u>	<u>\$21,971,855</u>	<u>\$300,489</u>	<u>\$(124,566)</u>	<u>\$22,147,778</u>

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General government	\$ 186,193
Public safety	340,029
Transportation	53,802
Culture/parks and recreation	417,065
Physical environment	140,739
<u>Total depreciation expense</u>	<u>\$1,137,828</u>

There was \$6,731,481 of fully depreciated assets at September 30, 2009.

**6 - LONG-TERM LIABILITIES*****Changes in Long-Term Liabilities***

The following changes occurred in long-term liabilities during the year ended September 30, 2009:

	Balance October 1, 2008	Additions	Deletions	Balance September 30, 2009	Due Within One Year
Public Improvement Note 2004A	\$4,720,766	\$ -	\$ 215,041	\$4,505,725	\$ 223,800
Revenue Refunding Note 2004B	603,797	-	195,516	408,281	201,211
Other post employment benefits	-	201,860	-	201,860	-
Compensated Absences	1,783,958	1,074,900	880,333	1,978,525	671,074
	<u>\$7,108,521</u>	<u>\$ 1,276,760</u>	<u>\$ 1,290,890</u>	<u>\$7,094,391</u>	<u>\$1,096,085</u>

**Public Improvement Note, Series 2004A**

The Public Improvement Note, Series 2004A was issued in September 2004 in the amount of \$5,500,000 for the purpose of financing the construction of a new public works facility and municipal complex. The interest rate of the note is 4.0325%. Principal and interest are payable in semi-annual installments of \$201,630 beginning March 29, 2005, with a final payment due September 29, 2024. The note is payable from the City's legally available non-ad valorem revenues. Principal and interest paid for the current fiscal year was \$403,260 and the legally available non-ad valorem revenues totaled \$14,430,884 for the year. At September 30, 2009, principal and interest to maturity in 2024 to be paid from pledged future revenues totaled \$6,048,901. 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:			
2010	\$ 223,800	\$179,460	\$403,260
2011	232,916	170,344	403,260
2012	242,403	160,857	403,260
2013	252,277	150,983	403,260
2014	262,553	140,707	403,260
2015-2019	1,482,156	534,145	2,016,301
2020-2024	1,809,620	206,680	2,016,300
	<u>\$4,505,725</u>	<u>\$1,543,176</u>	<u>\$6,048,901</u>

**6 - LONG-TERM LIABILITIES**

**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. Principal and interest paid for the current fiscal year was \$213,106 and pledged public services taxes totaled \$436,428 for the year. At September 30, 2009, principal and interest to maturity in 2011 to be paid from pledged future revenues totaled \$426,409. The principal amount of this note may be prepaid, in whole or in part, at any time provided that the City pays a prepayment premium, determined by various factors, to the bank and provides the bank with at least one week written notice of intended payment.

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

	Principal	Interest	Total
Year Ending September 30:			
2010	\$201,211	\$11,895	\$213,106
2011	207,070	6,033	213,103
	<u>\$408,281</u>	<u>\$ 17,928</u>	<u>\$426,209</u>

**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. Compensated absences are typically liquidated in the General Fund.

## **7 - FLORIDA RETIREMENT SYSTEM**

### ***Florida Retirement System Pension Plan***

#### **Plan Description**

All full-time employees hired before January 1, 1996, are eligible to participate in the Florida Retirement System Pension Plan (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 through the Retiree Health Insurance Subsidy Program.

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 report may be obtained by writing to the State of Florida Division of Retirement, P.O. Box 9000, Tallahassee, FL 32315-9000; or e-mailing Research & Education at [rep@dms.MyFlorida.com](mailto:rep@dms.MyFlorida.com), or calling toll free at 877-377-1737.

#### **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, 2009, 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 combined contributions to the Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program for the fiscal years ending September 30, 2007 through 2009 were \$438,896, \$442,634 and \$464,042 respectively, which were equal to 100% of the required contributions for each fiscal year.

### ***Retiree Health Insurance Subsidy Program***

#### **Plan Description**

The Retiree Health Insurance Subsidy Program (HIS) is a cost-sharing multiple-employer defined benefit plan. Benefit provisions are established under Chapter 112.363, Florida Statutes, which may be amended by the Florida Legislature. The HIS benefit is a monthly supplemental payment that Florida Retirement System retirees, eligible terminated Investment Plan members, and other state-administered retirement system retirees may be eligible to receive if they have health insurance coverage – which includes Medicare, TriCare, and insurance coverage provided through the Cover Florida Health Care Access Program. Payment of this benefit is not automatic, it must be applied for and the application approved before payment begins.

The amount of the monthly payment is calculated by multiplying the member's total years of creditable service at retirement (up to a maximum of 30 years) by \$5. The minimum monthly HIS payment is \$30 and the maximum monthly payment is \$150. The HIS payment is included in the same payment as the retiree's monthly retirement benefit if a defined benefit plan retiree.

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

***Retiree Health Insurance Subsidy Program*** (Continued)

**Funding Policy**

The State's current funding policy for the HIS is pay-as-you-go and provides for monthly employer contributions currently set as the legislatively determined rate of 1.11% of annual covered payroll. The consulting actuary recommends rates based on the annual valuation, but actual contribution rates are established by the Florida Legislature. The GASB annual required contribution (ARC) calculated by the consulting actuary in the July 1, 2008 actuarial valuation for the fiscal year ending June 30, 2010 is 1.28% of active payroll (including DROP payroll). The State's funding policy requires a contribution rate that is different than the GASB required ARC, which is an accounting disclosure. To the extent the contribution rate required to fund the HIS Program is different than the computed ARC, adjustments in the Net Pension Obligation (NPO) will occur from year to year.

The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the HIS. The report may be obtained by writing to the State of Florida Division of Retirement, P.O. Box 9000, Tallahassee, FL 32315-9000; or e-mailing Research & Education at [rep@dms.MyFlorida.com](mailto:rep@dms.MyFlorida.com), or calling toll free at 877-377-1737.

**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.

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

**Summary of Significant Accounting Policies** (Continued)

**General Employees Retirement Plan**

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

The City is required to contribute 5% of annual covered payroll to the 401(a) plan. Plan members may make voluntary contributions to the 457(b) plan of amounts up to 100% of compensation, including bonuses and overtime, up to the maximum annual contribution allowed by law. If the City makes matching contributions, the amount of matching contributions in a plan year will be 100% of each member's contributions up to 2.5% of the member's compensation. Employer and member contributions for the year ended September 30, 2009, were \$238,664 and \$138,929, 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.

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

**Summary of Significant Accounting Policies** (Continued)

**Public Safety Officers and Firefighters Retirement Plan** (Continued)

The Plan was amended on May 5, 2008 to give firefighters and public safety officers participating in the City of Greenacres General Employees Retirement Plan a one-time option to become members of the Plan and buy back credited years of service. The amendment was enacted by Ordinance 2008-13 adopted by the City Council.

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, 2009, the date of the latest actuarial valuation, Plan membership consisted of 74 active employees and 86 total participants. There is one retiree currently receiving benefits.

**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 \$481,331 during the fiscal year ended September 30, 2009.

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

**Summary of Significant Accounting Policies** (Continued)

**Public Safety Officers and Firefighters Retirement Plan** (Continued)

**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, 2009. GASB 27 was implemented at the inception of the Plan. The annual pension cost and net pension obligation for the most recent actuarial valuation were as follows:

Annual required contribution (ARC)	\$ 572,880
Interest on net pension obligation (NPO)	-
Adjustment to ARC	-
Annual pension cost (APC)	572,880
City/State/Employee contributions made	(572,880)
Increase (decrease) in NPO	-
Net pension obligation October 1, 2008	-
<u>Net pension obligation September 30, 2009</u>	<u>\$ -</u>

**Trend Information**

Fiscal Year End	Three-Year Trend Information		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
09/30/06	\$512,744	100.00%	-
09/30/07	392,946	100.00%	-
09/30/08	572,880	100.00%	-

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

**Summary of Significant Accounting Policies** (Continued)

**Public Safety Officers and Firefighters Retirement Plan** (Continued)

**Actuarial Methods and Significant Assumptions**

Additional information as of the latest actuarial valuation follows:

Valuation date	October 1, 2008
Actuarial cost method	Aggregate
Amortization method	(1)
Remaining amortization period	(1)
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return*	7.00%
Projected salary increase*	5.00%-8.00%
*Includes inflation at	3.25%
Cost of living adjustments	0.00%

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

**Schedule of Funding Progress**

As noted above, the Public Safety Officers and Firefighters Retirement Plan utilizes the aggregate actuarial cost method to determine contributions to the Plan. This method does not identify or separately amortize unfunded actuarial liabilities. The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The schedule of funding progress was prepared using the entry age actuarial cost method to provide information that serves as a surrogate for the funding progress of the Plan.

**Funded Status**

The funded status of the Plan as of the most recent actuarial valuation date was as follows:

Actuarial valuation date	10/01/08
Actuarial value of assets	\$ 5,844,087
Actuarial accrued liability	\$ 7,319,191
Unfunded actuarial accrued liability (UAAL)	\$ 1,475,104
Funded ratio	80%
Covered payroll	\$ 4,304,995
UAAL as a percentage of covered payroll	34.3%

## **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, 2009, \$481,331 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 – OTHER POST EMPLOYMENT BENEFITS (OPEB)**

The City implemented Governmental Accounting Standards Board Statement 45 (GASB 45), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, effective October 1, 2008. The City elected to implement prospectively, and the change in accounting principle had no effect on changes in net assets/fund equity for prior periods. Retirees of the City pay an amount equal to the actual premium for health insurance charged by the carrier, but there is an implied subsidy in the healthcare insurance premium for retirees because the premium charged for these retirees is the same as the premium charged for active employees, who are younger than retirees on average. This implied subsidy constitutes other postemployment benefits (OPEB) under GASB 45.

### ***Plan Description***

The City provides a single employer defined benefit health care plan to all of its employees. The plan allows its employees and their beneficiaries, at their own cost, to continue to obtain health, dental and other insurance benefits upon retirement. The benefits of the plan are in accordance with Florida Statutes, which are the legal authority for the plan. The plan has no assets and does not issue a separate financial report.

**11 – OTHER POST EMPLOYMENT BENEFITS (OPEB)**

**Funding Policy**

The City does not directly make a contribution to the plan on behalf of retirees. Retirees and their beneficiaries pay the same group rates as are charged to the City for active employees by its healthcare provider. However, the City’s actuaries, in their actuarial valuation, calculate an offset to the cost of these benefits as an Employer Contribution, based upon an implicit rate subsidy. This offset equals the total age-adjusted costs paid by the City or its active employees for coverage of the retirees and their dependents for the year net of the retiree’s own payments for the year.

**Annual OPEB Cost and Net OPEB Obligation**

The annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance with GASB Statement No. 45. The annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The annual OPEB cost and the net OPEB obligation for the City for the current year and the related information is as follows:

Required contribution rates:	
Employer	Pay-as-you-go
Plan members	N/A
Normal cost	\$ 123,555
<u>Amortization of unfunded actuarial accrued liability (UAAL)</u>	<u>78,305</u>
Annual OPEB cost	201,860
<u>Contributions made</u>	<u>                    </u>
Increase in net OPEB obligation	201,860
<u>Net OPEB obligation October 1, 2008</u>	<u>                    </u>
<u>Net OPEB obligation September 30, 2009</u>	<u>\$ 201,860</u>

**Trend Information**

Three-Year Trend Information			
Fiscal Year End	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
09/30/07	N/A	N/A	N/A
09/30/08	N/A	N/A	N/A
09/30/09	\$ 201,860	0.0%	\$ 201,860

**11 – OTHER POST EMPLOYMENT BENEFITS (OPEB)** (Continued)**Funded Status**

The funded status of the plan as of most recent actuarial valuation date was as follows:

Actuarial valuation date	10/01/07
Actuarial accrued liability	\$ 853,421
Actuarial value of plan assets	
Unfunded actuarial accrued liability (UAAL)	\$ 853,421
Funded ratio	0.0%
Covered payroll	\$ 8,797,921
UAAL as a percentage of covered payroll	9.7%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are comparable with past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplementary information following the notes to the financial statements, will present multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Because the fiscal year ended September 30, 2009 was the year of implementation of GASB 45 and the City elected to apply the statement prospectively, only one year is presented in the schedule at this time. In future years, required trend data will be presented. The City has not contributed assets to the plan at this time.

**Actuarial Methods and Assumptions**

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

<u>Actuarial valuation date</u>	<u>October 1, 2007</u>
Actuarial cost method	Projected unit credit
Amortization method	15-year open period; level-dollar payment
Asset valuation method	Unfunded
Actuarial assumptions:	
Investment rate of return	5.0% (includes inflation at 3.0%)
Healthcare inflation rate	10% initial 6% ultimate in 2016

**12 – OPERATING LEASE**

Effective December 1, 2008, the City entered into an agreement to lease the old City Hall facility to the Florida Department of Management Services. The lease expires November 30, 2013, and the State has the option to renew the lease for an additional five year term. The State has the right to terminate the lease without penalty in the event a State owned building becomes available for occupancy, upon giving six months written notice to the City. Total lease payments received under the lease during the fiscal year ended September 30, 2009 were \$165,569. As of September 30, 2009, the cost of the land and building under the operating lease was \$1,035,469 and accumulated depreciation on the property was \$707,000.

**13 – COMMITMENTS**

At September 30, 2009 the City had entered into agreements for the purchase or construction of various assets. The commitments are summarized below.

Total commitments	\$ 292,555
Less amount expended at September 30, 2009	<u>(43,294)</u>
Balance at September 30, 2009	<u>\$ 249,261</u>

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

For the Fiscal Year Ended September 30, 2009	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes				
Ad valorem taxes:				
Current	\$ 8,435,092	\$ 8,435,092	\$ 8,543,687	\$ 108,595
Delinquent	15,000	15,000	36,255	21,255
Total ad valorem taxes	8,450,092	8,450,092	8,579,942	129,850
Utility service taxes				
Electric	1,803,550	1,803,550	1,631,646	(171,904)
Telecommunications	1,259,000	1,259,000	1,765,117	506,117
Water	286,340	286,340	370,579	84,239
Gas	51,000	51,000	43,822	(7,178)
Propane gas	42,000	42,000	22,561	(19,439)
Total public service taxes	3,441,890	3,441,890	3,833,725	391,835
Local option gas tax	349,200	349,200	351,185	1,985
Local business tax	210,000	210,000	218,094	8,094
Insurance premium tax	350,000	350,000	481,331	131,331
Total taxes	12,801,182	12,801,182	13,464,277	663,095
Licenses and permits:				
Building permits	405,000	405,000	247,049	(157,951)
Electrical permits	10,000	10,000	19,722	9,722
Plumbing permits	27,000	27,000	14,364	(12,636)
Mechanical permits	14,000	14,000	38,650	24,650
Electric franchise fees	2,015,700	2,015,700	1,806,735	(208,965)
Gas franchise fees	39,150	39,150	28,736	(10,414)
Solid Waste franchise fees	72,000	72,000	84,016	12,016
Other	2,000	2,000	2,732	732
Total licenses and permits	2,584,850	2,584,850	2,242,004	(342,846)
Intergovernmental revenues:				
State revenue sharing	930,000	930,000	862,585	(67,415)
Half-cent sales tax	2,200,000	2,200,000	1,996,678	(203,322)
County occupational license	70,000	70,000	72,882	2,882
Mobile home license	12,000	12,000	9,036	(2,964)
Alcoholic beverage license	11,000	11,000	9,145	(1,855)
Motor fuel tax rebate	10,000	10,000	11,502	1,502
Grants	86,400	86,400	90,669	4,269
Other	28,290	28,290	33,341	5,051
Total intergovernmental	3,347,690	3,347,690	3,085,838	(261,852)

(Continued)

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

(Continued)

For the Fiscal Year Ended September 30, 2009	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues (continued):				
Charges for services:				
Solid waste fees	\$ 1,053,909	\$ 1,053,909	\$ 899,330	\$ (154,579)
Zoning fees	52,000	52,000	59,219	7,219
Administrative fees	64,000	64,000	69,525	5,525
Sales of documents	21,000	21,000	34,578	13,578
Leisure programs	199,045	197,045	120,331	(76,714)
Security services	67,000	67,000	69,614	2,614
Ambulance transport	1,296,500	1,296,500	1,138,340	(158,160)
Other	38,200	38,200	20,245	(17,955)
Total charges for services	2,791,654	2,789,654	2,411,182	(378,472)
Fines and forfeitures:				
Judgments and fines	90,500	90,500	135,544	45,044
Violations of local ordinances	17,500	17,500	23,683	6,183
Other	500	500	2,147	1,647
Total fines and forfeitures	108,500	108,500	161,374	52,874
Interest:				
Bank	100,000	100,000	92,878	(7,122)
State Board of Administration	154,000	154,000	6,155	(147,845)
FMIvT	253,000	49,790	66,427	16,637
Tax collector interest	25,000	25,000	3,318	(21,682)
Other interest	100	100	457	357
Total interest	532,100	328,890	169,235	(159,655)
Net decrease in fair value of investments			(157,595)	(157,595)
Special assessments	6,000	6,000	5,036	(964)
Contributions	600	2,600	2,566	(34)
Rental fees	40,701	40,701	249,880	209,179
Miscellaneous:				
Vending machine royalties	4,000	4,000	3,469	(531)
Refunds - prior year	3,000	3,000	47,515	44,515
Insurance proceeds	30,000	30,000	18,546	(11,454)
Sales of surplus materials	30,000	30,000	250	(29,750)
Other	65,485	65,485	56,352	(9,133)
Total miscellaneous	132,485	132,485	126,132	(6,353)
<b>Total revenues</b>	<b>\$ 22,345,762</b>	<b>\$ 22,142,552</b>	<b>\$ 21,759,929</b>	<b>\$ (382,623)</b>

(Continued)

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

(Continued)

For the Fiscal Year Ended September 30, 2009	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
General Government:				
Administrative:				
City Manager	\$ 496,659	\$ 495,331	\$ 455,867	\$ 39,464
Mayor and City Council	169,904	169,904	149,593	20,311
Legal Counsel	122,498	121,098	96,821	24,277
Human Resources	745,209	745,209	615,406	129,803
City Clerk	184,402	184,402	181,014	3,388
Total Administration	1,718,672	1,715,944	1,498,701	217,243
Finance:				
Administration	325,373	326,423	322,191	4,232
Financial Operations	450,094	450,094	438,502	11,592
Purchasing	136,389	136,389	134,999	1,390
Information Technology	353,213	353,213	323,279	29,934
Total Finance	1,265,069	1,266,119	1,218,971	47,148
Planning and Development	622,521	595,104	587,739	7,365
Contingency	250,000	250,967	-	250,967
Total General Government	3,856,262	3,828,134	3,305,411	522,723
Public Safety:				
Administration	516,768	516,768	509,101	7,667
Uniform Patrol	3,615,720	3,668,143	3,634,717	33,426
Investigation	941,372	922,017	848,160	73,857
EMS	4,091,410	4,089,697	4,143,076	(53,379)
Support Services	1,861,062	1,823,714	1,671,388	152,326
Protective Inspections	748,445	748,445	726,511	21,934
Total Public Safety	11,774,777	11,768,784	11,532,953	235,831
Transportation:				
Public Works Administration	167,953	167,953	165,256	2,697
Streets and Grounds Maintenance	708,727	704,526	658,918	45,608
Vehicle Maintenance	776,386	772,926	540,019	232,907
Total Transportation	1,653,066	1,645,405	1,364,193	281,212
Culture/Recreation (Leisure Services):				
Administration	175,404	175,229	171,917	3,312
Parks and Grounds Maintenance	582,061	564,523	529,984	34,539
Recreation Services	207,644	205,644	133,034	72,610
Community Center	361,263	362,257	287,743	74,514
Total Culture/Recreation	1,326,372	1,307,653	1,122,678	184,975
Physical Environment:				
Building Services	717,122	717,572	624,357	93,215
Solid Waste Collection and Disposal*	1,057,520	1,061,670	1,046,687	14,983
Total Physical Environment	1,774,642	1,779,242	1,671,044	108,198
Capital Outlay (All Departments and Functions)	36,349	40,493	52,601	(12,108)
Total Expenditures	\$20,421,468	\$20,369,711	\$19,048,880	\$1,320,831

\*Contract with Veolia Waste Services of Florida, Inc.

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

(Continued)

For the Fiscal Year Ended September 30, 2009	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Excess (deficiency) of revenues over (under) expenditures	\$ 1,924,294	\$ 1,772,841	\$ 2,711,049	\$ 938,208
Other financing sources (uses):				
Transfers out	(3,110,000)	(3,110,000)	(3,110,000)	-
Total other financing sources (uses)	(3,110,000)	(3,110,000)	(3,110,000)	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (1,185,706)</u>	<u>\$ (1,337,159)</u>	(398,951)	<u>\$ 938,208</u>
Beginning fund balance			<u>10,732,598</u>	
Ending fund balance			<u>\$ 10,333,647</u>	

Notes to the Budgetary Required Supplementary Information  
General Fund

September 30, 2009

**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, 2009

**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

For the Fiscal Year Ended September 30, 2009

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. The schedule of funding progress presented below was prepared using the entry age actuarial cost method to provide information that serves as a surrogate for the funding progress of the Plan.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as % of Covered Payroll
10/01/03	\$ 2,386,576	\$ 2,386,576	\$ -	100.0%	\$ 2,182,199	0.0%
10/01/04	3,124,581	3,124,581	-	100.0%	\$ 2,733,956	0.0%
10/01/05	4,022,447	4,022,447	-	100.0%	2,870,654	0.0%
10/01/06	4,925,104	4,925,104	-	100.0%	2,693,049	0.0%
10/01/07	6,021,159	6,021,159	-	100.0%	3,419,643	0.0%
10/01/08	5,844,087	7,319,191	1,475,104	80.0%	4,304,995	34.3%

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
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%
2008	572,880	100.0%	572,880	100.0%

Required Supplemental Information  
Other Post Employment Benefits

For the Fiscal Year Ended September 30, 2009

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as % of Covered Payroll
10/01/07	\$ -	\$ 853,421	\$ 853,421	0.0%	\$ 8,797,921	9.7%

The schedule of funding progress presented above will present multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Because the fiscal year ended September 30, 2009 was the year of implementation of GASB 45 and the City elected to apply the statement prospectively, only one year is presented in the schedule at this time. In future years, required trend data will be presented. The City has not contributed assets to the plan at this time.

## Combining Balance Sheet - Nonmajor Governmental Funds

September 30, 2009	Special Revenue Funds			
	Forfeitures Fund	Arboreous Fund	Public Safety Donation Fund	Youth Programs Fund
<b>Assets:</b>				
Investments, at fair value	\$ 109,205	\$ 37,598	\$ 18,226	\$ 10,182
Grants receivable, net	-	-	-	20,675
Prepaid Items	-	-	-	713
<b>Total assets</b>	<b>\$ 109,205</b>	<b>\$ 37,598</b>	<b>\$ 18,226</b>	<b>\$ 31,570</b>
<b>Liabilities and fund balances</b>				
<b>Liabilities:</b>				
Accounts payable and other liabilities	\$ -	\$ -	\$ -	\$ 7,586
Accrued payroll and related taxes	-	-	-	5,542
Deferred revenue	-	-	-	1,580
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,708</b>
<b>Fund balances:</b>				
<b>Reserved for:</b>				
Encumbrances	-	-	-	3,134
Police equipment	109,205	-	-	-
Youth programs	-	-	-	13,728
Debt service	-	-	-	-
Unreserved, designated for subsequent year expenditures	-	6,500	1,000	-
Unreserved, reported in:				
Special revenue funds	-	31,098	17,226	-
<b>Total fund balance</b>	<b>109,205</b>	<b>37,598</b>	<b>18,226</b>	<b>16,862</b>
<b>Total liabilities and fund balance</b>	<b>\$ 109,205</b>	<b>\$ 37,598</b>	<b>\$ 18,226</b>	<b>\$ 31,570</b>

<u>Debt Service Funds</u>		Total Nonmajor Governmental Funds
Fire Safety	Municipal Complex	
\$ 58,664	\$ 68,166	\$ 302,041
-	-	20,675
-	-	713
<u>\$ 58,664</u>	<u>\$ 68,166</u>	<u>\$ 323,429</u>
\$ -	\$ -	\$ 7,586
-	-	5,542
-	-	1,580
-	-	14,708
-	-	3,134
-	-	109,205
-	-	13,728
58,664	68,166	126,830
-	-	7,500
-	-	48,324
58,664	68,166	308,721
<u>\$ 58,664</u>	<u>\$ 68,166</u>	<u>\$ 323,429</u>

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

For the Fiscal Year Ended September 30, 2009	Special Revenue Funds			
	Forfeitures Fund	Arboreous Fund	Public Safety Donation Fund	Youth Programs Fund
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ 292,108
Charges for services	-	-	-	179,872
Fines and forfeitures	14,630	-	-	-
Interest	896	351	132	409
Contributions	-	5,563	8,243	500
<b>Total revenues</b>	<b>15,526</b>	<b>5,914</b>	<b>8,375</b>	<b>472,889</b>
<b>Expenditures:</b>				
Current:				
Culture/recreation	-	-	-	508,825
Public safety	3,000	-	1,808	-
Capital outlay	-	5,625	110	2,625
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>3,000</b>	<b>5,625</b>	<b>1,918</b>	<b>511,450</b>
Excess (deficiency) of revenues over (under) expenditures	12,526	289	6,457	(38,561)
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	12,526	289	6,457	(38,561)
Fund balances - beginning of year	96,679	37,309	11,769	55,423
Fund balances - end of year	\$ 109,205	\$ 37,598	\$ 18,226	\$ 16,862

<u>Debt Service Funds</u>		
<u>Fire Safety</u>	<u>Municipal Complex</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 292,108
-	-	179,872
-	-	14,630
1,528	1,960	5,276
-	-	14,306
<u>1,528</u>	<u>1,960</u>	<u>506,192</u>
-	-	508,825
-	-	4,808
-	-	8,360
195,515	215,042	410,557
17,527	188,229	205,756
<u>213,042</u>	<u>403,271</u>	<u>1,138,306</u>
<u>(211,514)</u>	<u>(401,311)</u>	<u>(632,114)</u>
200,000	410,000	610,000
<u>200,000</u>	<u>410,000</u>	<u>610,000</u>
(11,514)	8,689	(22,114)
<u>70,178</u>	<u>59,477</u>	<u>330,835</u>
<u>\$ 58,664</u>	<u>\$ 68,166</u>	<u>\$ 308,721</u>

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

For the Fiscal Year Ended September 30, 2009	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Interest	\$ 1,000	\$ 351	\$ (649)
Contributions	10,000	5,563	(4,437)
<b>Total revenues:</b>	<b>\$ 11,000</b>	<b>\$ 5,914</b>	<b>\$ (5,086)</b>
<b>Expenditures:</b>			
Operating expenses	\$ 20,000	\$ 5,625	\$ 14,375
<b>Total expenditures:</b>	<b>\$ 20,000</b>	<b>\$ 5,625</b>	<b>\$ 14,375</b>

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

For the Fiscal Year Ended September 30, 2009	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Interest	\$ 100	\$ 132	\$ 32
Contributions	2,900	8,243	5,343
<b>Total revenues:</b>	<b>\$ 3,000</b>	<b>\$ 8,375</b>	<b>\$ 5,375</b>
<b>Expenditures:</b>			
Operating expenses	\$ -	\$ 1,808	\$ (1,808)
Capital outlay	4,000	\$ 110	3,890
<b>Total expenditures:</b>	<b>\$ 4,000</b>	<b>\$ 1,918</b>	<b>\$ 2,082</b>

Youth Programs Special Revenue Fund  
 Schedule of Revenues and Expenditures - Budget and Actual

For the Fiscal Year Ended September 30, 2009	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$ 309,930	\$ 292,108	\$ (17,822)
Charges for services	255,700	179,872	(75,828)
Interest	1,508	409	(1,099)
Contributions	1,000	500	(500)
<b>Total revenues:</b>	<b>\$ 568,138</b>	<b>\$ 472,889</b>	<b>\$ (95,249)</b>
<b>Expenditures:</b>			
Culture/recreation	\$ 616,524	\$ 508,825	\$ 107,699
Capital outlay	-	2,625	(2,625)
<b>Total expenditures:</b>	<b>\$ 616,524</b>	<b>\$ 511,450</b>	<b>\$ 105,074</b>

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

For the Fiscal Year Ended September 30, 2009	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Interest	\$ 10,000	\$ 1,528	\$ (8,472)
<b>Total revenues:</b>	<b>\$ 10,000</b>	<b>\$ 1,528</b>	<b>\$ (8,472)</b>
Expenditures:			
Debt service:			
Principal	\$ 189,980	\$ 195,515	\$ (5,535)
Interest	23,126	17,527	5,599
<b>Total expenditures:</b>	<b>\$ 213,106</b>	<b>\$ 213,042</b>	<b>\$ 64</b>

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

For the Fiscal Year Ended September 30, 2009	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Interest	\$ 10,000	\$ 1,960	\$ (8,040)
<b>Total revenues:</b>	<b>\$ 10,000</b>	<b>\$ 1,960</b>	<b>\$ (8,040)</b>
Expenditures:			
Debt service:			
Principal	\$ 206,625	\$ 215,041	\$ (8,416)
Interest	196,635	188,229	8,406
<b>Total expenditures:</b>	<b>\$ 403,260</b>	<b>\$ 403,270</b>	<b>\$ (10)</b>

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

For the Fiscal Year Ended September 30, 2009	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Intergovernmental	\$ 314,356	\$ 84,878	\$ (229,478)
Impact fees	149,194	8,010	(141,184)
Interest	145,135	109,961	(35,174)
Total revenues:	\$ 608,685	\$ 202,849	\$ (405,836)
Expenditures:			
Capital outlay	\$ 1,732,781	\$ 277,091	\$ 1,455,690
Total expenditures:	\$ 1,732,781	\$ 277,091	\$ 1,455,690

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

For the Fiscal Year Ended September 30, 2009	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$ 248,909	\$ 311,213	\$ 62,304
Impact fees	81,476	-	(81,476)
Interest	125,135	99,212	(25,923)
Contributions	-	384	384
Rental income	115,826	145,026	29,200
<b>Total revenues:</b>	<b>\$ 571,346</b>	<b>\$ 555,835</b>	<b>\$ (15,511)</b>
<b>Expenditures:</b>			
Capital outlay	\$ 506,392	\$ 470,562	\$ 35,830
<b>Total expenditures:</b>	<b>\$ 506,392</b>	<b>\$ 470,562</b>	<b>\$ 35,830</b>

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

For the Fiscal Year Ended September 30, 2009	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$ 135,254	\$ 48,299	\$ (86,955)
Interest	212,939	199,684	(13,255)
Contributions	-	5,000	5,000
<b>Total revenues:</b>	<b>\$ 348,193</b>	<b>\$ 252,983</b>	<b>\$ (95,210)</b>
<b>Expenditures:</b>			
Capital outlay	\$ 1,380,018	\$ 1,061,904	\$ 318,114
<b>Total expenditures:</b>	<b>\$ 1,380,018</b>	<b>\$ 1,061,904</b>	<b>\$ 318,114</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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*Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.*

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

Fiscal Year Ended 9/30	2003	2004	2005	2006	2007	2008	2009
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	\$ 16,647,292	\$ 17,233,772
Restricted	220,845	188,348	7,330,386	10,935,508	12,539,737	13,061,468	14,723,706
Unrestricted	4,369,674	6,419,983	2,411,964	7,583,456	8,651,866	9,281,185	8,694,111
<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>\$ 36,434,225</b>	<b>\$ 38,989,945</b>	<b>\$ 40,651,589</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	2008	2009
<b>Expenses</b>							
Governmental activities:							
General government	\$ 2,697,863	\$ 2,651,973	\$ 3,454,422	\$ 3,605,207	\$ 3,952,081	\$ 4,104,229	\$ 3,840,349
Public Safety	9,297,049	9,327,155	9,745,475	9,986,194	11,236,582	11,814,830	12,114,776
Transportation	1,263,925	1,551,007	1,357,200	1,465,701	1,893,338	1,566,992	1,493,901
Culture/recreation	1,988,141	2,095,196	2,081,419	2,165,534	1,824,186	2,790,466	2,265,944
Physical environment	1,334,025	1,777,267	1,435,927	1,450,246	1,648,435	1,860,940	1,828,938
Interest on long term investments	92,222	76,342	256,928	245,757	232,741	219,334	205,276
<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>20,787,363</b>	<b>22,356,791</b>	<b>21,749,184</b>
<b>Program Revenues</b>							
Governmental activities:							
Charges for Services:							
Public Safety	986,419	1,258,050	1,339,180	1,324,642	1,377,656	2,097,369	1,967,450
Physical Environment	2,187,256	1,861,873	2,446,643	4,166,525	2,053,213	1,120,173	1,072,221
Other	1,089,987	1,496,182	770,315	729,406	787,980	831,052	760,751
<b>Total Charges for Services</b>	<b>4,263,662</b>	<b>4,616,105</b>	<b>4,556,138</b>	<b>6,220,573</b>	<b>4,218,849</b>	<b>4,048,594</b>	<b>3,800,422</b>
Operating Grants and Contributions	349,967	493,651	584,840	877,953	851,075	903,201	869,294
Capital Grants and Contributions	732,408	801,053	673,769	1,705,546	775,525	917,798	757,843
<b>Total primary government program revenues</b>	<b>5,346,037</b>	<b>5,910,809</b>	<b>5,814,747</b>	<b>8,804,072</b>	<b>5,845,449</b>	<b>5,869,593</b>	<b>5,427,559</b>
<b>Net (Expense)/Revenue</b>							
Governmental activities	(11,327,188)	(11,568,131)	(12,516,624)	(10,114,567)	(14,941,914)	(16,487,198)	(16,321,625)
<b>Total primary government net expense</b>	<b>(11,327,188)</b>	<b>(11,568,131)</b>	<b>(12,516,624)</b>	<b>(10,114,567)</b>	<b>(14,941,914)</b>	<b>(16,487,198)</b>	<b>(16,321,625)</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	9,813,152	8,579,942
Utility service taxes	3,109,389	3,129,143	3,300,570	3,528,502	3,452,303	3,391,448	3,833,724
Franchise fees based on gross receipts	1,189,054	1,238,976	1,341,265	1,909,999	1,913,270	1,904,346	1,919,486
Unrestricted intergovernmental shared revenues	2,728,749	3,060,459	3,351,262	3,490,017	3,357,658	3,170,728	2,950,325
Investment earnings	90,241	92,686	412,034	930,024	1,295,850	333,572	576,386
Loss on disposal of capital assets							
Miscellaneous revenues	188,505	216,562	401,442	381,786	124,817	216,449	123,406
<b>Total general revenues</b>	<b>12,378,709</b>	<b>13,619,365</b>	<b>15,726,550</b>	<b>18,580,894</b>	<b>20,724,739</b>	<b>18,829,695</b>	<b>17,983,269</b>
<b>Change in Net Assets</b>							
Governmental activities	1,051,521	2,051,234	3,209,926	8,466,327	5,782,825	2,342,497	1,661,644
<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>\$ 5,782,825</b>	<b>\$ 2,342,497</b>	<b>\$ 1,661,644</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	2000	2001	2002	2003
<b>General Fund</b>				
Reserved	\$ 113,380	\$ 82,541	\$ 61,959	\$ 60,987
Unreserved	3,665,053	4,165,790	3,381,510	4,505,802
<b>Total general fund</b>	<b>\$3,778,433</b>	<b>\$ 4,248,331</b>	<b>\$ 3,443,469</b>	<b>\$ 4,566,789</b>
<b>All Other Governmental Funds</b>				
Reserved	\$1,538,220	\$ 1,402,961	\$ 724,492	\$ 728,740
Unreserved, reported in:				
Special revenue funds	23,511	61,318	9,992	32,922
Capital projects funds	82,353	1,852,039	368,389	100,479
Debt service funds	568,928	145,912	-	-
<b>Total all other governmental funds</b>	<b>\$2,213,012</b>	<b>\$ 3,462,230</b>	<b>\$ 1,102,873</b>	<b>\$ 862,141</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)

2004	2005	2006	2007	2008	2009
\$ 145,814	\$ 202,033	\$ 201,043	\$ 194,968	\$ 175,599	\$ 162,384
5,874,845	7,668,263	9,219,768	9,504,009	10,556,999	10,171,263
<u>\$ 6,020,659</u>	<u>\$ 7,870,296</u>	<u>\$ 9,420,811</u>	<u>\$ 9,698,977</u>	<u>\$10,732,598</u>	<u>\$ 10,333,647</u>
\$ 985,649	\$ 6,817,305	\$ 4,940,452	\$ 2,692,372	\$ 1,375,888	\$ 502,157
44,074	55,391	61,870	64,576	49,078	55,824
5,592,995	503,721	5,928,855	9,638,422	11,572,382	14,119,363
80,001	-	-	-	-	-
<u>\$ 6,702,719</u>	<u>\$ 7,376,417</u>	<u>\$ 10,931,177</u>	<u>\$ 12,395,370</u>	<u>\$12,997,348</u>	<u>\$ 14,677,344</u>

Schedule 4

**Changes in Fund Balances, Governmental Funds**

(Modified accrual basis of accounting)

(unaudited)

Fiscal Year Ended 9/30	2000	2001	2002	2003
<b>Revenues</b>				
Taxes	\$ 7,638,848	\$ 8,221,701	\$ 8,668,419	\$ 9,740,578
Licenses and permits	1,087,317	1,016,996	1,070,278	1,616,972
Intergovernmental	3,109,350	3,106,122	3,309,268	3,443,306
Charges for services	1,392,878	1,455,503	1,688,496	2,247,315
Fines and forfeitures	116,810	127,586	89,450	101,504
Impact fees	100,311	125,334	499,622	286,679
Interest	420,715	409,117	152,618	90,241
Special assessments	35,208	34,804	29,809	19,068
Contributions	6,372	13,061	60,332	26,571
Sales of surplus materials	605,114	24,809	27,438	44,937
Rental income	65,797	59,324	40,539	64,670
Miscellaneous revenues	14,112	35,062	13,795	141,744
<b>Total revenues</b>	<b>14,592,832</b>	<b>14,629,419</b>	<b>15,650,064</b>	<b>17,823,585</b>
<b>Expenditures</b>				
General government	1,932,673	2,259,138	2,404,839	2,536,410
Public Safety	5,628,147	6,461,310	7,151,068	8,322,436
Transportation	989,134	1,099,042	1,117,702	1,183,020
Culture/Recreation	1,143,111	1,327,894	1,477,566	1,504,012
Physical environment	1,242,878	1,218,055	1,302,286	1,320,588
Capital outlay	1,849,066	2,477,368	4,772,493	1,486,146
Debt service				
Principal	304,289	316,384	471,430	491,114
Interest	63,694	52,285	116,899	97,271
Other debt service costs	-	6,500	-	-
<b>Total expenditures</b>	<b>13,152,992</b>	<b>15,217,976</b>	<b>18,814,283</b>	<b>16,940,997</b>
Excess of revenues over (under) expenditures	1,439,840	(588,557)	(3,164,219)	882,588
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,965,455	1,449,523	2,460,592	677,844
Transfers out	(1,965,455)	(1,449,523)	(2,460,592)	(677,844)
Refunding bonds proceeds	-	-	-	-
Payment on refunded bonds	-	-	-	-
Net proceeds	-	1,762,000	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>1,762,000</b>	<b>-</b>	<b>-</b>
Net Change in fund balances	1,439,840	1,173,443	(3,164,219)	882,588
Fund balances - beginning, as restated	4,551,605	6,537,118	7,710,561	4,546,342
<b>Fund balance - ending</b>	<b>\$ 5,991,445</b>	<b>\$ 7,710,561</b>	<b>\$ 4,546,342</b>	<b>\$ 5,428,930</b>
Debt services (principal & interest) as a percentage of non-capital expenditures	3.36%	2.98%	4.37%	3.92%

Beginning fund balance restated:

Note: 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)

	2004	2005	2006	2007	2008	2009
\$	10,636,124	\$ 11,963,080	\$ 14,166,773	\$ 16,320,326	\$ 13,788,891	\$ 13,464,277
	1,261,603	1,242,119	1,412,060	1,001,365	2,223,497	2,242,004
	4,045,416	4,694,599	5,978,413	4,534,673	4,850,764	3,822,336
	2,446,893	2,501,932	2,530,525	2,685,897	2,890,471	2,591,054
	135,488	189,988	137,506	151,489	214,799	176,004
	571,506	327,722	1,838,001	81,087	3,656	8,010
	92,687	412,034	930,022	1,295,853	333,571	425,773
	15,318	16,801	10,547	6,828	2,511	5,036
	18,459	14,796	21,929	13,878	13,193	22,256
	29,695	20,845	11,638	14,341	72,046	
	92,201	160,661	191,287	193,770	237,970	394,906
	222,967	170,172	149,079	142,372	229,697	126,132
	<u>19,568,357</u>	<u>21,714,749</u>	<u>27,377,780</u>	<u>26,441,879</u>	<u>24,861,066</u>	<u>23,277,788</u>
	2,846,270	3,104,802	3,342,910	3,367,221	3,296,895	3,305,411
	8,848,065	9,105,071	9,418,319	10,610,858	10,993,158	11,537,761
	1,308,203	1,271,357	1,359,785	1,348,709	1,439,486	1,364,193
	1,583,275	1,566,202	1,629,656	1,721,975	1,725,933	1,631,503
	1,367,842	1,368,557	1,386,181	1,537,118	1,686,392	1,671,044
	1,232,574	1,955,359	4,519,311	5,497,303	3,467,195	1,870,518
	511,627	451,526	370,146	383,143	396,606	410,557
	76,774	254,537	246,197	233,193	219,802	205,756
	-	-	-	-	-	-
	<u>17,774,630</u>	<u>19,077,411</u>	<u>22,272,505</u>	<u>24,699,520</u>	<u>23,225,467</u>	<u>21,996,743</u>
	1,793,727	2,637,338	5,105,275	1,742,359	1,635,599	1,281,045
	645,896	2,512,829	4,740,494	6,150,000	3,500,000	3,110,000
	(645,896)	(2,512,829)	(4,740,494)	(6,150,000)	(3,500,000)	(3,110,000)
	(1,334,279)	-	-	-	-	-
	6,835,000	-	-	-	-	-
	<u>5,500,721</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	7,294,448	2,637,338	5,105,275	1,742,359	1,635,599	1,281,045
	<u>5,428,930</u>	<u>12,609,375</u>	<u>15,246,713</u>	<u>20,351,988</u>	<u>22,094,347</u>	<u>23,729,946</u>
\$	<u>12,723,378</u>	<u>\$ 15,246,713</u>	<u>\$ 20,351,988</u>	<u>\$ 22,094,347</u>	<u>\$ 23,729,946</u>	<u>\$ 25,010,991</u>
	3.66%	4.26%	3.58%	3.18%	3.04%	3.24%

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
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
2008	1,483,202,261	327,583,151	25,287,167	1,836,072,579	18.71	2,784,711,573
2009	1,481,706,200	325,822,636	25,153,107	1,832,681,943	20.74	2,781,674,588

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	
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	3.97	0.54	7.25	0.60	1.00	0.53	0.12	18.71
2009	5.15	0.00	4.56	0.55	7.98	0.69	1.15	0.54	0.12	20.74

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

Taxpayers	2009		Taxpayers	2000	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value		Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Okecheelee Apt. Partners	\$ 59,849,349	3.27%	CIN Riverbridge (Riverbridge)	\$ 19,000,750	2.93%
MSKP Riverbridge (Riverbridge)	39,538,869	2.16%	Keystone - West Palm Beach (Island Shores Apts.)	17,287,613	2.67%
Keystone - West Palm Beach (Island Shores Apts.)	28,361,578	1.55%	Okecheelee Apt. Partners	13,680,000	2.11%
Batmasian, James H	20,239,068	1.10%	Waters Carol Trail (Waterway Village)	12,114,522	1.87%
JBH Limited Co. Ltd.	20,008,485	1.09%	JBH Limited Co. (Woodlakes Plaza)	10,025,000	1.55%
SCM Realty Inc. (Steve Moore Chevrolet)	13,273,522	0.72%	SCM Realty, Inc. (Steve Moore Chevrolet)	8,698,059	1.34%
Gator Green Acres Ltd. (Greenacres Plaza)	13,181,218	0.72%	Chelsea Commons Ltd.	8,321,260	1.28%
Dayton Hudson Corp	11,820,469	0.64%	Gator Green Acres Ltd. (Greenacres Plaza)	7,884,786	1.22%
PRIII Military Crossing LLC	11,000,000	0.60%	Dayton Hudson Corp.	7,862,763	1.21%
Pickwick Mobile Home Park LLC	10,433,541	0.57%	Colonial MHC Ltd. Partnership	6,807,578	1.05%
<b>Total</b>	<b>\$ 227,706,099</b>	<b>12.42%</b>	<b>Total</b>	<b>\$ 111,682,331</b>	<b>17.24%</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
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%
2008	9,776,011	9,762,485	99.9%	13,526	9,776,011	100.0%
2009	8,570,782	8,543,687	99.7%	27,095	8,570,782	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		
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
2008	32,548	66,000 *	-	-	5,324,563	5,324,563	0.25%	163.59
2009	32,370	67,600 *	-	-	4,914,006	4,914,006	0.22%	151.81

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
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%	-
2008	32,548	1,898,563,747	-	0.00%	-
2009	32,370	1,481,871,956	-	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, 2009	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	\$ 28,730,000	1.360%	\$ 390,728
Palm Beach County	270,150,000	1.360%	3,674,040
<hr/>			
Subtotal, overlapping debt	298,880,000		4,064,768
<hr/>			
<b>City direct debt</b>	-		-
<hr/>			
<b>Total direct and overlapping debt</b>	<b>\$ 298,880,000</b>		<b>\$ 4,064,768</b>
<hr/> <hr/>			

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

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Greenacres.

The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is with the City's boundaries and dividing it by the county's total taxable assessed value.

Schedule 12  
**Legal Debt Margin Information**  
(unaudited)

*The City of Greenacres has no legal debt margin.*

Schedule 13  
**Pledged-Revenue Coverage**  
(unaudited)

Fiscal Year Ended 9/30	Refunding Note 2004B				Public Improvement Note 2004A			
	Public Service Tax (1)	Debt Service		Coverage	Non Ad Valorem Revenues	Debt Service		Coverage
		Principal	Interest			Principal	Interest	
2001	*							
2002	\$ 296,294	\$ 142,468	\$ 77,925	134%				
2003	312,338	149,076	71,321	142%				
2004	315,868	155,991	64,411	143%	**			
2005	347,979	177,240	35,864	163%	\$ 12,791,145	\$ 183,302	\$ 216,867	3196%
2006	356,929	179,378	33,730	167%	14,009,894	190,768	212,492	3474%
2007	371,969	184,604	28,471	175%	13,352,005	198,539	204,722	3311%
2008	387,527	189,981	23,212	182%	12,611,991	206,625	196,590	3128%
2009	436,962	195,515	17,527	205%	12,561,840	215,042	188,229	3115%

(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 and 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)
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%
2008	32,548	66,000	139,336	9,726	16,335	6.4%
2009	32,370	67,600	149,154	10,168	16,311	9.8%

- Sources:
- (1) Bureau of Economic & Business Research (BEER).
  - (2) U.S. Census Bureau, American Community Survey (Palm Beach County).
  - (3) Business Development Board ([www.bdb.org](http://www.bdb.org)) (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:

- 2009 School Enrollment based on 11-Day Count.
- 2009 Unemployment & Labor Force Rate based on 8 month average.
- 2009 Average House Sale July PBC.

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

Current Year and Ten Years Ago

2009			2000		
<b>Employer</b>	<b>Employees</b>	<b>Percentage of Total Employment</b>	<b>Employer*</b>	<b>Employees</b>	<b>Percentage of Total Employment</b>
School Board	21,718	3.87%	School Board	16,800	3.02%
Palm Beach County	11,319	2.02%	Palm Beach County	9,000	1.62%
Tenet Healthcare Corp.	4,500	0.80%	State Government	8,600	1.54%
Florida Power & Light	3,632	0.65%	Federal Government	5,200	0.93%
HCA (Hospital Corp. of America)	3,395	0.61%	Columbia Palm Beach Health Care System	4,000	0.72%
Wackenhut Corporation	3,000	0.54%	Intracoastal Healthcare Systems, Inc.	3,200	0.57%
Florida Atlantic University	2,838	0.51%	Florida Crystals	2,300	0.41%
Veterans Health Administration	2,207	0.39%	Motorola, Inc.	2,300	0.41%
Office Depot	2,100	0.37%	Florida Power & Light	2,300	0.41%
Boca Raton Community Hospital	2,100	0.37%	Boca Raton Resort & Club	1,850	0.33%
<b>Total</b>	<b>56,809</b>	<b>10.13%</b>	<b>Total</b>	<b>55,550</b>	<b>9.97%</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)

<u>Fiscal Year Ended 9/30</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>Function/Program</u>										
Administration	6	7	8	8	8	8	8	8	8	8
Finance	15	15	15	15	15	15	15	15	14	14
Planning & Engineering	7	6	6	7	7	6	7	7	7	7
Building	11	11	11	11	11	11	11	11	11	10
Public Safety	92	94	106	104	104	108	113	117	113	113
Public Works	22	23	23	23	23	23	23	24	23	23
Leisure Services	16	16	17	17	17	17	17	11	11	10
<b>Total</b>	<b>169</b>	<b>172</b>	<b>186</b>	<b>185</b>	<b>185</b>	<b>188</b>	<b>194</b>	<b>193</b>	<b>187</b>	<b>185</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	2008	2009
<u>Function/Program</u>							
General Government							
Population	29,883	30,533	31,270	31,734	32,105	32,548	32,370
Number of residential units	15,374	15,777	16,171	16,245	16,443	16,520	17,035
Number of solid waste accounts billed	7,118	7,439	7,731	7,805	8,002	8,080	8,212
Number of revenue transactions processed	19,151	19,505	20,882	21,779	22,015	23,923	19,822
Public Safety							
Total calls for responded service*	24,651	26,236	25,137	26,728	26,242	28,759	28,326
Number of arrests by police officers	1,817	2,319	2,851	2,801	3,252	4,625	3,252
Number of traffic citations issued	5,106	7,298	7,017	7,533	8,018	10,813	10,577
EMS average response times (minutes)	4.4	4.4	4.3	4.3	4.3	4.3	5.4**
Number of EMS calls (incl. in total calls)	4,214	4,668	4,839	4,956	4,996	4,659	4,800
Number of code enforcement inspections	1,500	1,600	2,036	2,215	2,000	2,022	2,770
Transportation							
Number of lane miles maintained	21.97	21.97	22.25	22.25	22.27	22.27	22.27
Number of vehicle repair orders completed	-	1,394	1,412	1,215	1,152	1,418	1,261
Number of city vehicles maintained	-	93	93	95	95	97	101
Physical Environment							
Total park acreage maintained	71	71	71	71	77	78	82
Average cost per acre to mow	-	-	1,674	1,852	1,940	2,052	2,066
Cultural & Recreation							
Number of community events presented	14	13	13	13	11	7	7
Number of registrants in athletic programs	-	1,000	1,053	1,373	1,081	1,036	771
Number of participants in after school aged programs	143	149	160	160	171	170	170

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

\*Formerly Titled 911 Calls

\*\*EMS Response Times reflect fractional times as required by LOS Guidelines.

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

Fiscal Year Ended 9/30	2003	2004	2005	2006	2007	2008	2009
<u>Function/Program</u>							
General Government							
Office Buildings	7	7	7	7	9	9	9
Public Safety							
Public Safety Stations	2	2	2	2	2	2	2
Police Patrol Vehicles	26	26	26	28	28	32	34
Fire Trucks	5	5	5	5	5	4	4
EMS Units (Ambulances)	4	4	4	4	4	4	4
Transportation							
Street (miles)	43.94	43.94	44.50	44.50	44.50	44.54	44.54
Traffic Signs	950	950	950	986	1,096	922	1,091
Storm Water Inlets	407	407	407	407	407	428	452
Physical Environment							
Baseball/softball diamonds	6	6	6	6	6	7	7
Soccer fields	2	2	2	2	2	3	4
Cultural & Recreation							
Playgrounds	13	13	13	13	13	13	14
Community centers	1	1	1	1	1	1	1
Parks	13	13	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, 2009, which collectively comprise the City of Greenacres, Florida's basic financial statements and have issued our report thereon dated March 12, 2010. 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 March 12, 2010.

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

*Nowlen, Holt & Mimes, P.A.*

West Palm Beach, Florida  
March 12, 2010



NOWLEN, HOLT & MINER, P.A.

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MANAGEMENT LETTER IN ACCORDANCE WITH  
THE RULES OF THE AUDITOR GENERAL  
OF THE STATE OF FLORIDA

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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 City of Greenacres, Florida, as of and for the year ended September 30, 2009, and have issued our report thereon dated March 12, 2010.

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 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 March 12, 2010 should be considered in conjunction with this Management Letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which governs the conduct of local government entity audits in the State of Florida and requires that we address certain compliance and other matters in the Management Letter, if not already addressed in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters.

**PRIOR YEAR COMMENTS**

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*

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. In connection with our audit, the results of our procedures did not disclose any instances of noncompliance with Section 218.415, Florida Statutes.

### Current Year Recommendations

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, we did not have any recommendations that are required to be reported in this letter .

### Violations of Laws, Regulations, Contracts and Grant Provisions or Abuse

Rules of the Auditor General, requires that we address violations of laws, regulations, contracts or 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, we did not have any such findings.

### Matters Inconsequential to the Financial Statements

Rules of the Auditor General, requires for matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors, the following may be reported based on professional judgment: (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, we did not have any such findings.

### Oversight Unit and Component Units

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

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, we determined that the City of Greenacres, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

### Annual Financial Report

Rules of the Auditor General requires that we determine whether the annual financial report for the City of Greenacres, Florida 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 30, 2009. In connection with our audit, we noted that the two reports were in substantial agreement.

Financial Condition Assessment Procedures

Rules of the Auditor General, requires 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 of Greenacres, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provide 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, 2009 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, 2009. The City was not required to have a federal single audit or a state single audit.

Response to Management Letter

We did not audit management's response to the management letter presented on page 91 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.

*Nowlen, Holt & Mimes, P.A.*

West Palm Beach, Florida  
March 12, 2010



## City of Greenacres

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Samuel J. Ferreri  
Mayor

Wadie Atallah  
City Manager

March 12, 2010

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.

A handwritten signature in blue ink, appearing to read "Wadie Atallah", with a long horizontal line extending to the right.

Wadie Atallah  
City Manager

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