

**CITY OF KISSIMMEE, FLORIDA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

Year Ended September 30, 2008



***Prepared by Department of Finance***

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**CITY OF KISSIMMEE, FLORIDA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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Year Ended September 30, 2008

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**The City of Kissimmee, Florida**  
**City Officials**  
As of September 30, 2008

**Elected Officials**

Mayor/Commissioner.....	Jim Swan
Commissioner/Vice Mayor.....	Jeanne Van Meter
Commissioner/Mayor Pro Tem.....	Jerry Gemskie
Commissioner.....	Cheryl Grieb
Commissioner.....	Carlos Irizarry

**Financial Related Management**

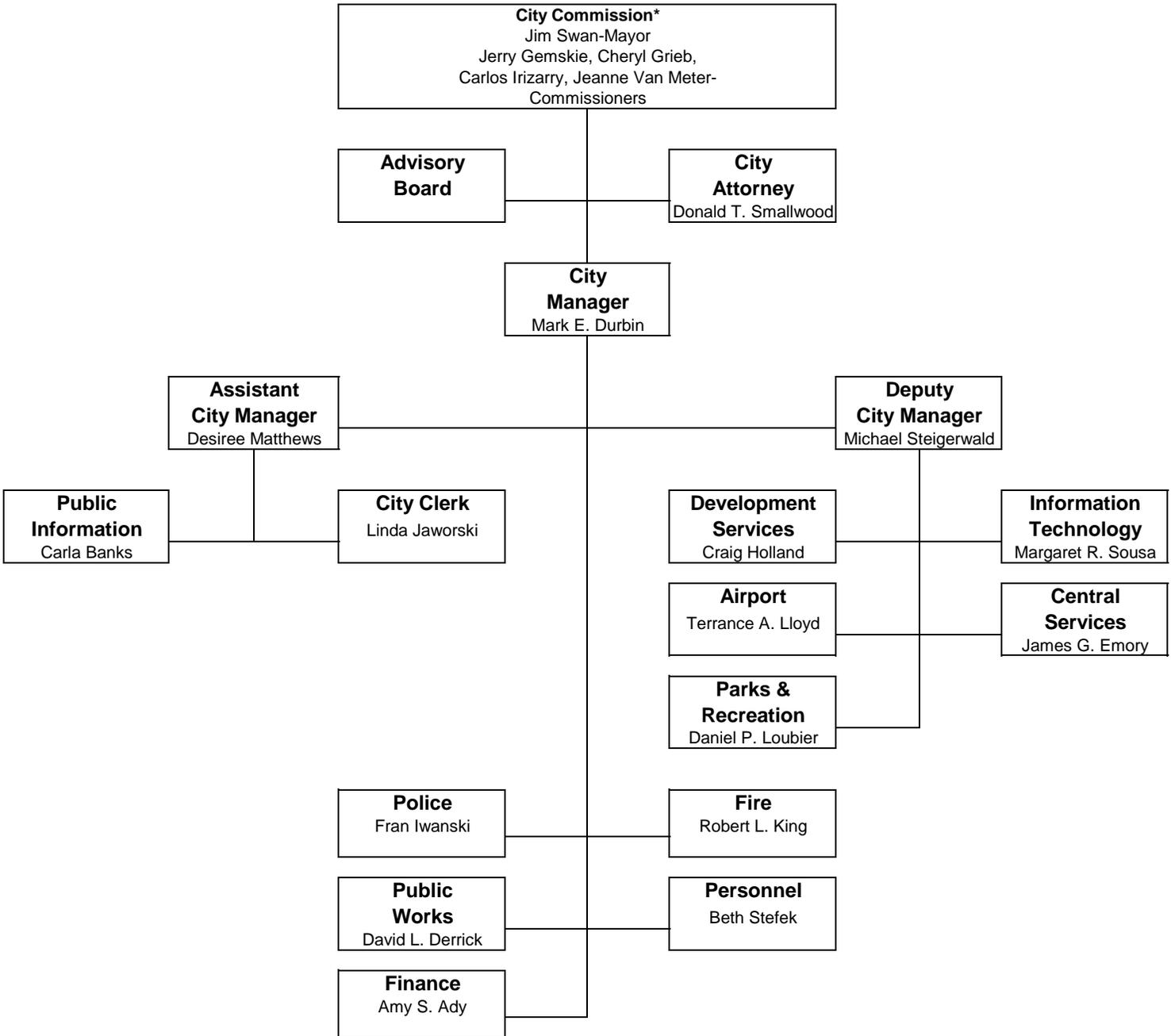
City Manager.....	Mark E. Durbin
Deputy City Manager.....	Michael H. Steigerwald
Assistant City Manager.....	Desiree S. Matthews
Finance Director.....	Amy S. Ady
Assistant Finance Director.....	Joseph A. Skalamera

**Other Departmental Officials**

Airport Director.....	Terrence A. Lloyd
Central Service Director.....	James G. Emory
Development Services Director.....	Craig M. Holland
Fire Chief.....	Robert L. King
Information Technology Director.....	Margaret R. Sousa
Parks & Recreation Director.....	Daniel P. Loubier
Personnel & Risk Management Director.....	Beth Stefek
Police Chief.....	Fran Iwanski
Public Works & Engineering Director.....	David L. Derrick

# CITY OF KISSIMMEE

## ORGANIZATION CHART



\* The City Commission is composed of representatives elected by the citizens of the City of Kissimmee.

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Kissimmee  
Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2007

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



President

Executive Director



# City of Kissimmee

## City Manager

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101 N. Church Street, Kissimmee, Florida 34741-5054 • Telephone (407)-518-2210  
Fax (407)-518-2208 • Email: [aady@kissimmee.org](mailto:aady@kissimmee.org)

March 20, 2009

The Honorable Mayor and  
Members of the City Commission  
City Of Kissimmee, Florida

Florida Statutes require that all general-purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP), and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby submit the comprehensive annual financial report of the City of Kissimmee, Florida for the fiscal year ended September 30, 2008.

This report consists of management's representations concerning the finances of the City of Kissimmee. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, the management of the City of Kissimmee has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Kissimmee's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Kissimmee's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Kissimmee's financial statements have been audited by Moore Stephens Lovelace, P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Kissimmee for the fiscal year ended September 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amount and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Kissimmee's financial statements for the fiscal year ended September 30, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Kissimmee was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Kissimmee's separately issued Single Audit Report.

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

### **THE CITY**

The City of Kissimmee (the "City"), near the geographic center of Florida, is the County Seat of Osceola County. Of Florida's 67 counties, Osceola is the State's sixth largest in geographical size, with a land area of 1,506 square miles. There are approximately 13,530 acres within the corporate limits of the City. The 2000 U.S. Census reported 47,814 people living within the City. The current population figure is 62,669.

The City has a commission/manager form of government, with a Mayor-Commissioner and four other Commissioners who are elected at large for four-year staggered terms. Elections are held on the Tuesday, nine (9) weeks prior to the State of Florida General Elections. The City employs a full-time manager who is the chief executive and administrative officer of the City.

The City provides a full range of municipal services, including police, fire, public works, social services, public improvements, planning, economic development, zoning, recreational services and general administrative services. The City also provides garbage and trash collection and operates a municipal airport as well as a stormwater utility.

### **ACCOUNTING SYSTEM, INTERNAL ACCOUNTING CONTROLS, AND BUDGETARY CONTROL**

The City's accounting records for General, Special Revenue, Debt Service, and Capital Projects Funds are maintained on a modified accrual basis. Revenues are recognized when they become measurable and available, while expenditures are recorded at the time the related fund liabilities are incurred. Accounting records for Enterprise, Internal Service and Pension Trust Funds are maintained on a full accrual basis.

In designing and developing the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding:

1. The safeguarding of assets against loss from unauthorized use or disposition; and
2. The reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that:

1. The cost of a control should not exceed the benefits likely to be derived; and
2. The evaluation of cost and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The Director of Finance maintains budgetary control, in conformance with the City Charter and Florida Statutes, through constant review. Budgetary responsibility for the General, Special Revenue, Debt Service, Capital Projects and Enterprise Funds is established at the sub-object of expenditure level. The City Manager is authorized to approve transfers between non-salary sub-object line items within departments; however, transfers from salary line items, transfers between departments and changes in total budget appropriations for a fund must have prior approval of the City Commission. However, the City Manager can approve transfers of unused amounts in salary account line items to advertising, recruiting and/or professional service account line items. Interim financial reports are provided for internal use.

## **THE REPORTING ENTITY AND ITS SERVICES**

The funds and entities related to the City, included in the Comprehensive Annual Financial Report, are controlled by or dependent on the City. Determination of “controlled by or dependent on” is based on criteria and disclosure requirements of Governmental Accounting Standards Board Statement Number 14 *Defining the Reporting Entity*. The criteria deal with the selection of governing authority, designation of management, and ability to significantly influence operations and accountability for fiscal matters. Based on these criteria, the various funds shown in the Table of Contents are included in this report. This report, together with the accounting and budgeting systems, have been designed to conform to the standards set forth by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. Fund structure has also been designed to comply with the legal requirements of the various revenue bond covenants and resolutions.

## **ECONOMIC CONDITION AND OUTLOOK**

The City is primarily residential in character but also serves as a regional retail and commercial center. It derives a substantial portion of its economic activity from its proximity to Walt Disney World as well as from the surrounding cattle and citrus industries.

The Walt Disney World complex has been largely responsible for growth in the City and its adjacent areas since it opened on October 1, 1971. The complex is the site of the “Magic Kingdom”, an amusement theme park, and a variety of other facilities designed to attract visitors for an extended stay by offering a wide range of recreational activities for the entire family.

Disney initiated a major development in the western part of Osceola County. This project, known as “Celebration”, has hotels and other commercial development, and has over 8,000 residential units. This endeavor has had a favorable impact on the County’s ad valorem and sales tax revenue base.

There are more than 50 attractions easily accessible from the Kissimmee Resort area. In addition to Walt Disney World, located approximately 7 miles west of the City, some of the tourist attractions near the City include Sea World, Gatorland Zoo, Reptile World Serpentarium, Medieval Times, Arabian Nights and Kennedy Space Center. Special events that take place in the City each year are the Silver Spurs Rodeo, Kissimmee Boat-A-Cade, Osceola County Art Festival and the Kissimmee Bluegrass Festival.

The City’s comprehensive plan, including a five-year capital growth program, has been developed to establish goals, objectives and policies for effective and realistic growth management. This plan is reviewed and will be revised if necessary. Management is committed and prepared to implement proactive alternatives that will insure the City’s economic viability. The City will continue to budget and manage all resources in the most cost-effective manner. The City will maintain strict due-diligence measures and aggressively seek out opportunities to reduce or maintain expenditures on operations to within budgetary limits in order to develop and maintain the community’s infrastructure and to enhance City services.

## **MAJOR INITIATIVES**

In Parks and Recreation, the design of the enhancements to Lakefront Park was initiated. In addition, property was acquired for the relocation of the Parks maintenance facility. Public Works continued to make significant progress on its road improvement plan as well as various drainage projects. Construction continued on phase two of a major east-west corridor through the City. In addition, the environmental assessment on a major north-south road expansion was completed. Finally, in Public Works substantial progress was made on the design and right-of-way acquisition for a major road widening project. The municipally owned airport continued to embark on several expansion/improvement projects this past year as well. The Development Services Department received additional entitlement monies via the Community Development Block Grant program. The Community Redevelopment Agency completed several rehabilitation projects within its district. Finally, the City has continued, on a contractual basis, to provide certain administrative services to Tohopekaliga Water Authority.

## **CASH MANAGEMENT**

The cash management program involves a theory of minimizing credit and market risks, maintaining reasonable liquidity to meet maturing obligations and maximizing return through the use of various investments.

The City has a banking service agreement with the local depository bank, which provides that all funds in excess of a compensating balance will earn interest through overnight repurchase agreements. In addition, the City participates in the Florida State Board of Administration's Program for pooled investment of local government surplus funds. Also, during 2008, the City continued to invest in various types of government securities.

## **RISK MANAGEMENT**

The Risk Management Fund was established to account for all insurance costs of the City, except employee group insurance, and to maintain the reserves for those risks that the City self-insures. Each fund, at the division level, budgets an allocated share of current year premiums plus a supplemental amount to maintain reserves for self-insurance.

## **FIDUCIARY OPERATIONS**

The City has fiduciary responsibility for the self-directed deferred compensation plan that allows employees to defer a portion of salary for future years. The City also has separate Pension Trust Funds for General Employees', Police Officers' and Firefighters'. These Funds were created to account for the accumulation of resources to be used for the retirement annuities of all City employees. The City continues to contribute to these funds in accordance with City Commission established criteria that includes an annual independent actuarial analyses.

## **STATUTORY REQUIREMENTS – INDEPENDENT AUDIT**

Florida Statutes require the City's financial statements to be subjected to an annual examination by an independent Certified Public Accountant. Those provisions have been satisfied and the opinion of the independent accountant is included.

## CERTIFICATE OF ACHIEVEMENT PROGRAM

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 Kissimmee, Florida for its comprehensive annual financial report for the fiscal year ended September 30, 2007. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe the City's current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### ACKNOWLEDGEMENTS

The presentation of this report could not have been accomplished without the efficient and dedicated service of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to its preparation. We would also like to thank the Commissioners for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Mark E. Durbin  
City Manager



Amy S. Ady  
Finance Director

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## **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Honorable Mayor and Members of the City Commission  
City of Kissimmee, Florida

We have audited the accompanying financial statements of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kissimmee, Florida (the "City"), as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2008, and the respective changes in financial position, and cash flows where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

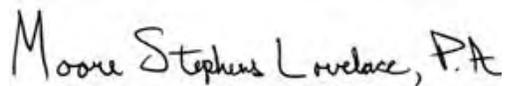
In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2009 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other 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 should be considered in assessing the results of our audit.

The management's discussion and analysis and the required supplementary information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by 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.

Honorable Mayor and Member of the City Commission  
City of Kissimmee, Florida

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**  
*(Concluded)*

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

A handwritten signature in black ink that reads "Moore Stephens Lovelace, P.A." The signature is written in a cursive style.

Certified Public Accountants

Orlando, Florida  
March 20, 2009

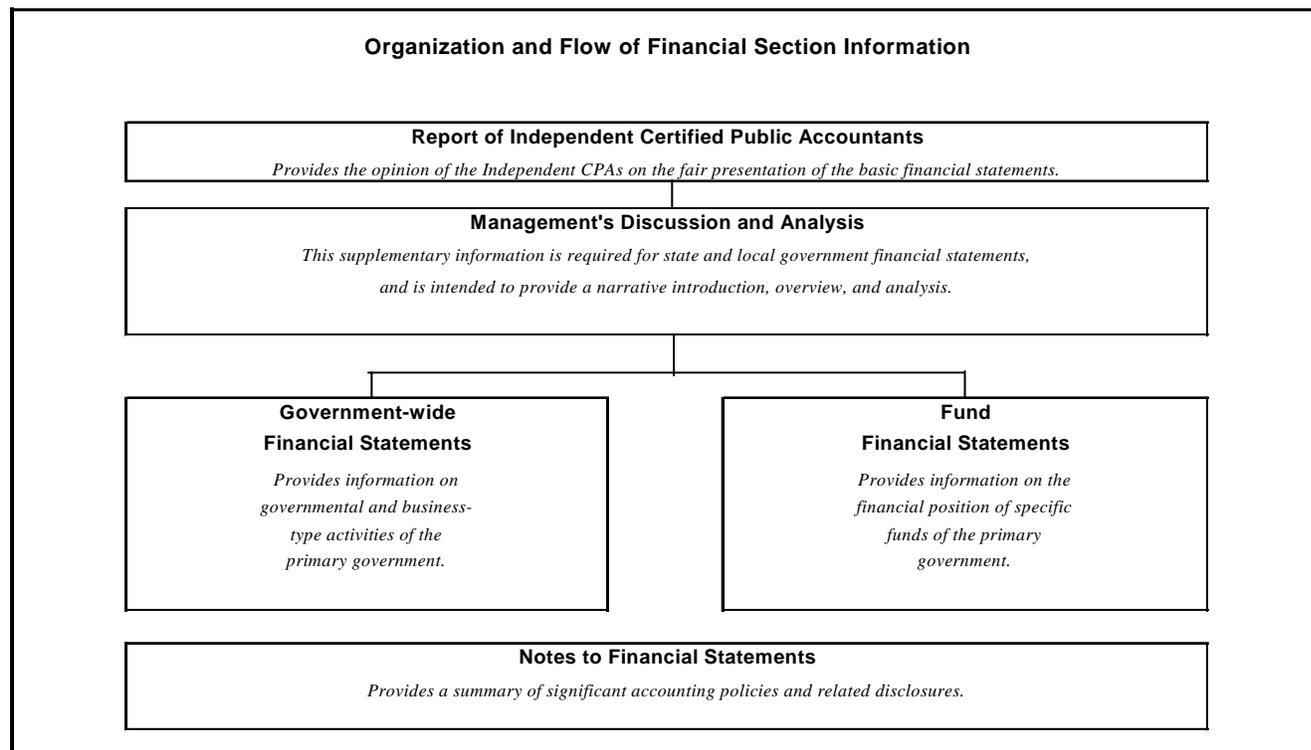
The City of Kissimmee, Florida's (the "City") Management's Discussion and Analysis (the "MD&A") presents an overview of the City's financial activities for the fiscal year ended September 30, 2008. Please read it in conjunction with the letter of transmittal in the introductory section, and the City's financial statements following the MD&A.

## Financial Highlights

- The assets of the City exceeded its liabilities at the close of fiscal year 2008 by \$173,692 (net assets). Of this amount, \$19,314 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's change in net assets increased by \$32,465 of which governmental activities contributed 83.5% of the increase.
- At September 30, 2008, the City's governmental funds reported combined ending fund balances of \$33,709 an increase of \$8,372 in comparison with the prior year.
- At September 30, 2008, unreserved fund balance for the General Fund was \$13,567 or 26.9% of total general fund expenditures and transfers out.
- The City's capital assets increased \$17,763 or 11.8% from the prior year.

## Overview of the Financial Statements

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



### **Government-wide financial statements**

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

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Additionally, nonfinancial factors, such as a change in the City's property tax base or the condition of City facilities and infrastructure, should be considered to assess the overall health of the City.

The *statement of activities* presents information showing how the government's net assets changed during fiscal year 2008. All changes in net assets are reported as soon as the underlying event, giving rise to the change, occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected but earned revenue, and unused vacation leave).

Both of these financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, physical environment, transportation, economic environment, and culture/recreation. The business-type activities of the City include sanitation/solid waste services, storm water services, and the operation of an airport. The government-wide financial statements can be found immediately following the MD&A.

The government-wide financial statements include not only the City itself (known as the primary government) but also legally separate entities known as component units. Component units, which are other governmental units over which the City Commission can exercise influence and/or may be obligated to provide financial subsidy, are presented within governmental activities in the government-wide financial statements, and as an individual special revenue fund in the basic and fund financial statements. The City's component unit (the Community Redevelopment Agency) is a major fund of the City and will be addressed in this MD&A.

### **Fund financial statements**

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

#### **Governmental Funds**

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

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

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The City maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, 2005 Construction Note Capital Project Fund, Community Redevelopment Agency, and Local Option Sales Tax Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* in the other supplemental information section of this report.

The City adopts an annual appropriated budget for its general fund, capital projects funds, most debt service funds, and most special revenue funds. Budgetary comparison schedules have been provided for these funds to demonstrate budgetary compliance.

### ***Proprietary Funds***

The City maintains two different types of proprietary funds. The *enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for the fiscal activities relating to storm water, sanitation/solid waste, and airport operations. The *internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its risk management program and to allocate costs from central services (such as information technology, purchasing, warehouse, garage, building maintenance, and printing). Because these activities predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Stormwater Utility Fund, the Solid Waste Fund and the Airport Fund, which are considered to be major funds of the City, and the aggregate of the internal service funds.

### ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is similar to proprietary funds. The City has three pension trust funds to account for the general employees' pension plan, the police officers' pension plan, and the firefighters' pension plan.

### **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.

### **Other information**

In addition to the basic financial statements and accompanying notes, *required supplementary information* is included which presents budgetary comparison schedules for the City's General Fund, Community Redevelopment Agency, and Local Option Sales Tax Fund; a schedule of funding progress for the Firefighters' Pension Plan; and schedules of employer contributions for the City's three pension funds. Required supplementary information can be found following the notes to the financial statements.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented in the other supplemental information section of this report. Combining and individual fund budgetary comparison schedules can be found after the required supplementary information.

**CITY OF KISSIMMEE, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
 September 30, 2008  
 (In Thousands)

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$173,692 at the close of the fiscal year ended September 30, 2008.

At the end of fiscal year 2008, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

The largest portion of the City's net assets (79.6%) reflects its investment in capital assets (e.g., land, buildings, and equipment); less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The City has *restricted net assets* (\$16,052) for construction projects, building code enforcement, Charter School, and other purposes. The remaining balance of *unrestricted net assets* (\$19,314) may be used to meet the government's ongoing obligations to citizens and creditors.

**City of Kissimmee, Florida**  
**Net Assets**  
**(In Thousands)**

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 50,637	\$ 41,977	\$ 4,633	\$ 2,757	\$ 55,270	\$ 44,734
Capital Assets (Net)	<u>140,012</u>	<u>122,079</u>	<u>27,711</u>	<u>24,381</u>	<u>167,723</u>	<u>146,460</u>
Total Assets	<u>190,649</u>	<u>164,056</u>	<u>32,344</u>	<u>27,138</u>	<u>222,993</u>	<u>191,194</u>
Current and other liabilities	8,419	8,013	656	804	9,075	8,817
Long-term Liabilities	<u>40,064</u>	<u>40,977</u>	<u>162</u>	<u>173</u>	<u>40,226</u>	<u>41,150</u>
Total Liabilities	<u>48,483</u>	<u>48,990</u>	<u>818</u>	<u>977</u>	<u>49,301</u>	<u>49,967</u>
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	110,615	96,296	27,711	24,381	138,326	120,677
Restricted	15,367	10,346	685	740	16,052	11,086
Unrestricted	<u>16,184</u>	<u>8,424</u>	<u>3,130</u>	<u>1,040</u>	<u>19,314</u>	<u>9,464</u>
Total Net Assets	<u>\$ 142,166</u>	<u>\$ 115,066</u>	<u>\$ 31,526</u>	<u>\$ 26,161</u>	<u>\$ 173,692</u>	<u>\$ 141,227</u>

There was a net increase of \$32,465 in the City's net assets over fiscal year 2007. There was a net increase of \$27,100 in net assets reported in connection with the City's governmental activities and \$5,365 in business-type activities. The governmental activities increase represents 83.5% of the total increase, and business-type activities contributed 16.5% of the increase at year end. Key reasons for these changes are presented in the following pages for governmental and business-type activities.

**CITY OF KISSIMMEE, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
September 30, 2008  
(In Thousands)

**City of Kissimmee, Florida**  
**Changes in Net Assets**  
**(In Thousands)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b>REVENUES</b>						
Program Revenues:						
Charges for Services	\$ 21,783	\$ 24,420	\$ 7,979	\$ 6,703	\$ 29,762	\$ 31,123
Operating Grants and Contributions	2,592	2,839	-	-	2,592	2,839
Capital Grants and Contributions	2,299	3,227	4,164	4,811	6,463	8,038
General Revenues:						
Property Taxes	15,405	19,219	-	-	15,405	19,219
Other Taxes	20,185	18,968	-	-	20,185	18,968
Other	35,013	5,536	1,049	(252)	36,062	5,284
<b>Total Revenues</b>	<u>97,277</u>	<u>74,209</u>	<u>13,192</u>	<u>11,262</u>	<u>110,469</u>	<u>85,471</u>
<b>EXPENSES</b>						
General Government	24,294	25,795	-	-	24,294	25,795
Public Safety	30,949	29,623	-	-	30,949	29,623
Physical Environment	82	1,500	-	-	82	1,500
Transportation	2,724	370	-	-	2,724	370
Economic Environment	2,663	1,663	-	-	2,663	1,663
Culture/Recreation	8,162	6,840	-	-	8,162	6,840
Interest on Long-term Debt	1,531	1,572	-	-	1,531	1,572
Stormwater	-	-	2,805	2,221	2,805	2,221
Airport	-	-	967	887	967	887
Solid Waste	-	-	3,827	3,771	3,827	3,771
<b>Total Expenses</b>	<u>70,405</u>	<u>67,363</u>	<u>7,599</u>	<u>6,879</u>	<u>78,004</u>	<u>74,242</u>
Excess (Deficiency) Before Transfers	26,872	6,846	5,593	4,383	32,465	11,229
Transfers	228	(1,080)	(228)	1,080	-	-
Change in Net Assets	27,100	5,766	5,365	5,463	32,465	11,229
Net Assets - Beginning	115,066	109,300	26,161	20,698	141,227	129,998
<b>Net Assets - Ending</b>	<u>\$ 142,166</u>	<u>\$ 115,066</u>	<u>\$ 31,526</u>	<u>\$ 26,161</u>	<u>\$ 173,692</u>	<u>\$ 141,227</u>

**Governmental activities**

Governmental activities increased the City's net assets by \$27,100. The primary reasons for this increase were due to increased interest revenues and increased other tax revenues from the prior year. Expenses in total did not change much from the prior year.

**CITY OF KISSIMMEE, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
September 30, 2008  
(In Thousands)

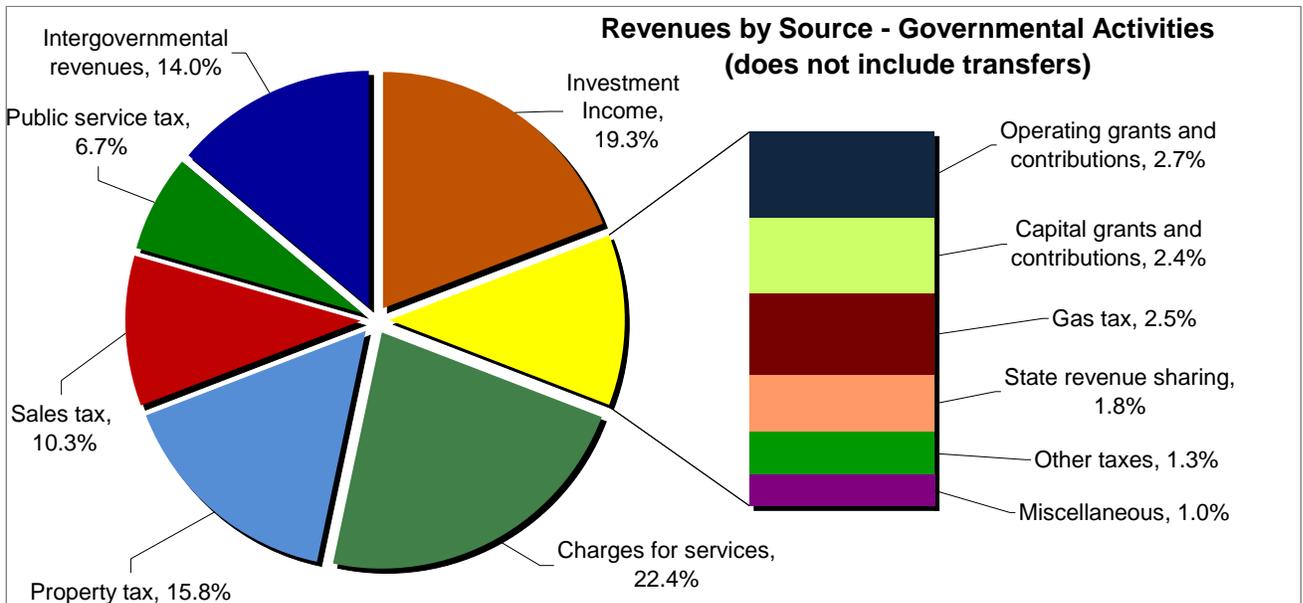
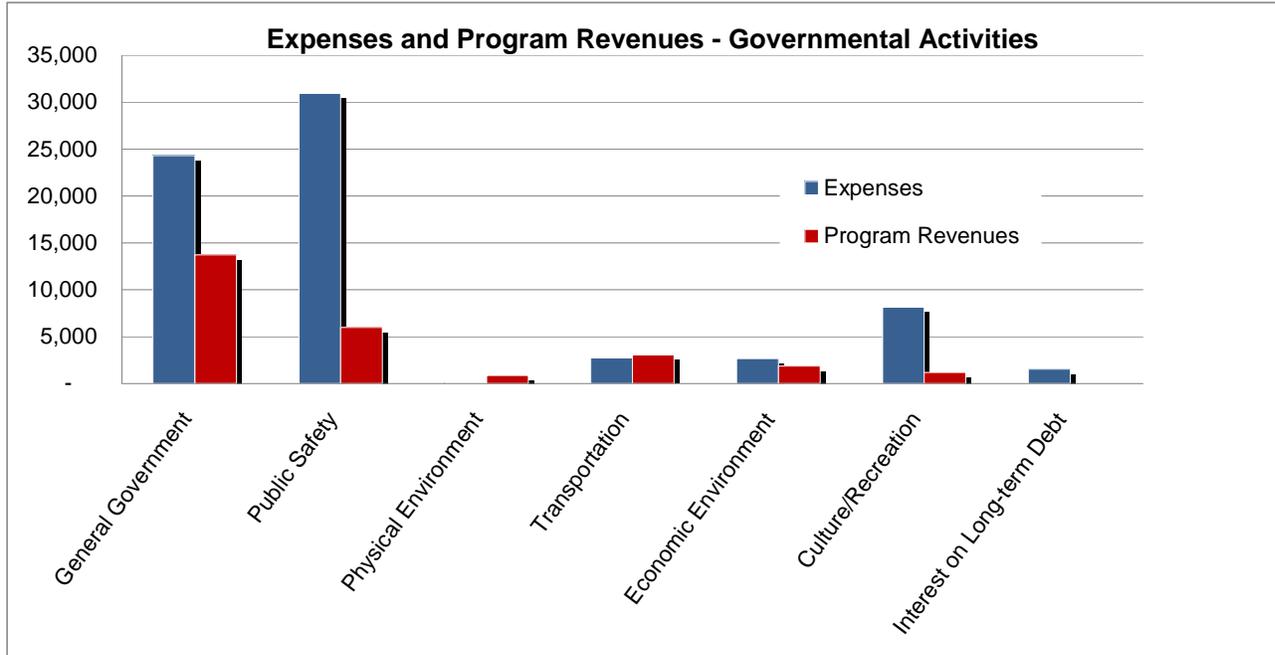
The following tables and graphs show the results of governmental activities for fiscal year ended 2008.

**Expenses and Program Revenues – Governmental Activities**  
**(In Thousands)**

Functions/Programs	Expenses				Net Cost of Services		
			% of				
	2008	Total	2007	% Change	2008	2007	% Change
General Government	\$ 24,294	35%	\$ 25,795	-5.8%	\$ (10,571)	\$ (9,616)	9.9%
Public Safety	30,949	44%	29,623	4.5%	(24,953)	(25,037)	-0.3%
Physical Environment	82	0%	1,500	-94.5%	783	(637)	-222.9%
Transportation	2,724	4%	370	636.2%	322	4,820	-93.3%
Economic Environment	2,663	4%	1,663	100.0%	(796)	634	-225.6%
Culture/Recreation	8,162	12%	6,840	19.3%	(6,985)	(5,469)	27.7%
Interest on Long-Term Debt	1,531	2%	1,572	-2.6%	(1,531)	(1,572)	-2.6%
	<u>\$ 70,405</u>	<u>100%</u>	<u>\$ 67,363</u>		<u>\$ (43,731)</u>	<u>\$ (36,877)</u>	

**Revenue by Source – Governmental Activities**  
**(In Thousands)**

Description	% of			
	2008	Total	2007	% Change
<b>Program Revenues</b>				
Charges for services	\$ 21,783	22.3%	\$ 24,420	-10.8%
Operating grants and contributions	2,592	2.7%	2,839	-8.7%
Capital grants and contributions	2,299	2.4%	3,227	-28.8%
<b>General Revenues</b>				
Property tax	15,405	15.8%	19,219	-19.8%
Sales tax	9,992	10.2%	10,015	-0.2%
Public service tax	6,490	6.7%	6,297	3.1%
Gas tax	2,430	2.5%	2,656	-8.5%
State revenue sharing	1,708	1.8%	1,851	-7.7%
Other taxes	1,273	1.3%	-	100.0%
Unrestricted intergovernmental revenues	13,610	14.0%	13,670	-0.4%
Investment income (loss)	18,744	19.2%	(11,504)	-262.9%
Miscellaneous	951	1.0%	1,519	-37.4%
Transfers	228	0.2%	(1,080)	-121.1%
	<u>\$ 97,505</u>	<u>100.0%</u>	<u>\$ 73,129</u>	



**Business-type activities**

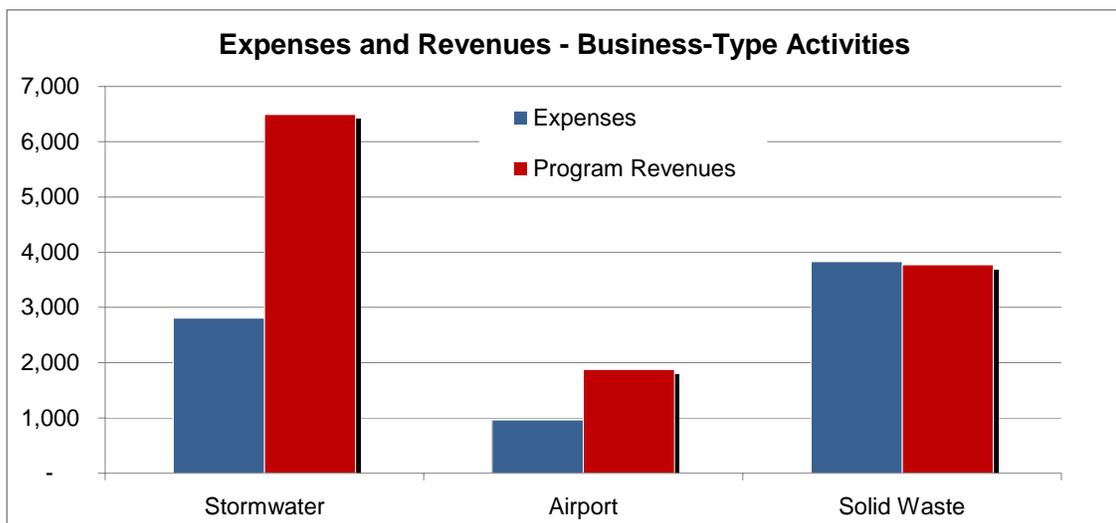
Business-type activities increased the City's net assets by \$5,365 accounting for 16.6% of the total growth in the City's net assets. The primary reason for this increase was increased stormwater capital contributions and capital grants for airport improvements. There were no major fluctuations in the business-type expenses from the prior year as no major operational changes occurred in FY08.

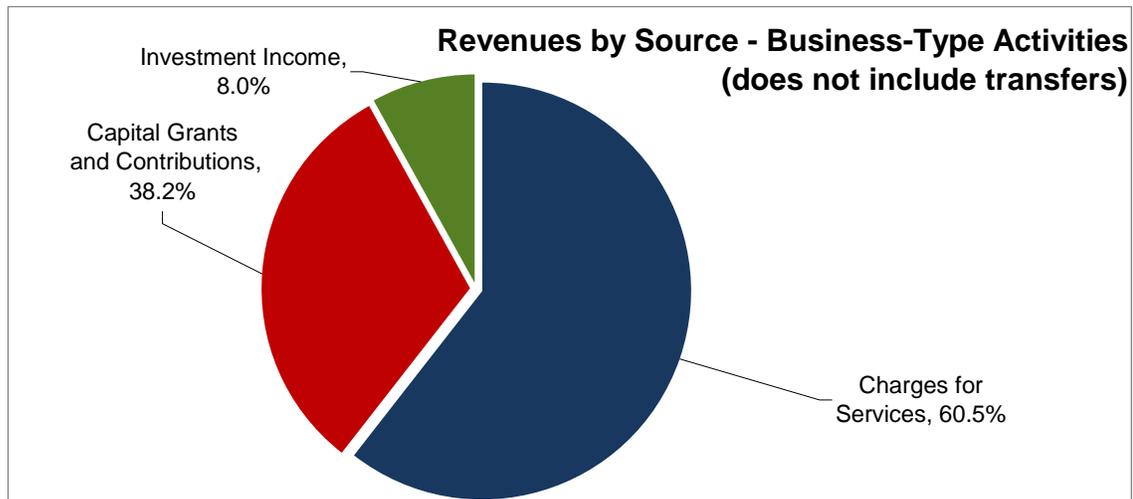
**Expenses and Program Revenues – Business-type Activities**  
**(In Thousands)**

Functions/Programs	Expenses			Net Increase (Decrease) In Net Assets		
	2008	2007	% Change	2008	2007	% Change
	Stormwater	\$ 2,805	\$ 2,221	26.3%	\$ 3,688	\$ 3,764
Airport	967	887	9.0%	911	973	-6.4%
Solid Waste	3,827	3,771	1.5%	(55)	(102)	-46.1%
	<u>\$ 7,599</u>	<u>\$ 6,879</u>		<u>\$ 4,544</u>	<u>\$ 4,635</u>	

**Revenues by Source – Business-type Activities**  
**(In Thousands)**

	2008	% of Total	2007	% Change
Charges for services	\$ 7,979	62%	\$ 6,703	19.0%
Operating grants and contributions	-	0%	-	0.0%
Capital grants and contributions	4,164	32%	4,811	-13.4%
Investment income (loss)	1,049	8%	(252)	-516.3%
Transfers	(228)	-2%	1,080	-121.1%
	<u>\$ 12,964</u>		<u>\$ 12,342</u>	





## Financial Analysis of the City's Funds

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

### Governmental funds

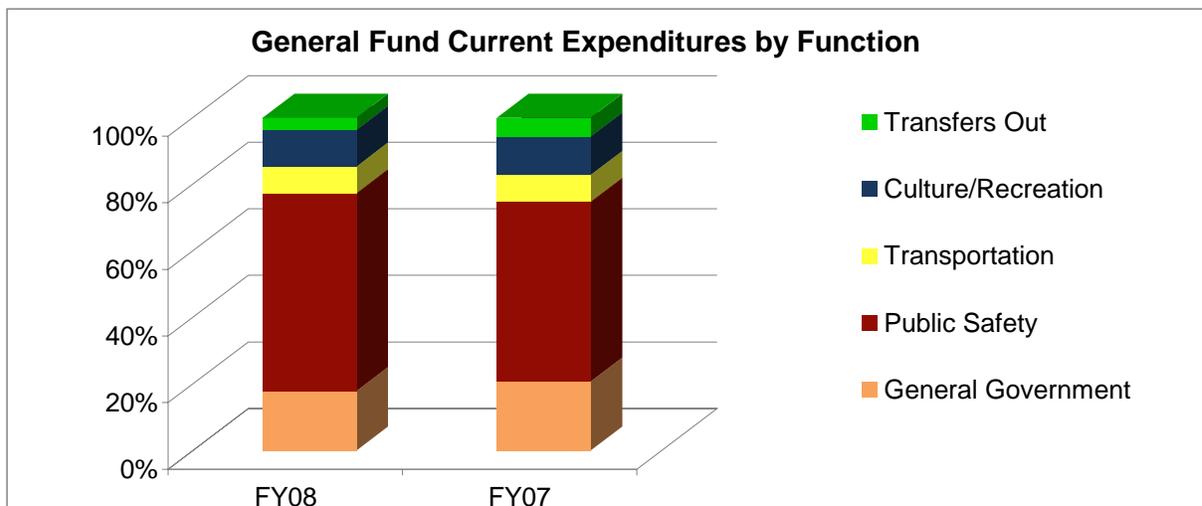
The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable resources*. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's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

As of the end of fiscal year 2008, the City's governmental funds reported combined ending fund balances of \$33,709, an increase of \$8,372 in comparison with the prior year. *Unreserved fund balance* is \$13,900 and is available for spending in accordance with related ordinances, resolutions, laws and regulations, Florida Statutes, and City policies. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed: 1) for prepaid items \$64, 2) for inventories \$160, 3) for advanced funds \$2,741, 4) for capital projects \$15,750, 5) for public safety projects \$52, 6) for development services \$205, 7) for economic development \$12, 8) for supplementary care \$608, and 9) for debt service \$217.

The General Fund is the chief operating fund of the City. At the end of fiscal year 2008, unreserved fund balance of the General Fund was \$13,567, while total fund balance reached \$13,784. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures and transfers out. Unreserved fund balance represents 26.9% of the total general fund expenditures and transfers out, while total fund balance represents 27.3% of that same amount.

The fund balance of the City's General Fund increased by \$3,599 during the current fiscal year. This was not a substantial increase from the prior year. There were increased interest revenues. There were no major changes in expenditures from the prior year.

The following graph displays the General Fund current expenditures (not including debt service) by function for FY08 and FY07. As the graph displays, there were no major fluctuations in expenditures by function from the prior year.



The 2005 Construction Note Capital Project Fund is the fund used to account for the proceeds from the 2005 Construction Note and the capital projects associated with those funds. The fund balance increased by \$132 due to capital construction expenditures for planned projects and interest revenues in the fiscal year.

The Community Redevelopment Agency Fund (CRA fund) is used to account for the operations of the Community Redevelopment Agency. The CRA fund balance increased by \$625, which was a minimal change from the prior year. This increase was due primarily to interest revenues.

The Local Option Sales Tax Fund is used to account for the proceeds from the Local Option Sales Tax and the capital projects and related debt service funded by those proceeds. Fund balance increased by \$2,420 due primarily to interest revenues.

**Enterprise funds**

The City's enterprise funds provide the same type of information found in the government-wide financial statements, but in more detail. The City has three major enterprise funds – the Solid waste Fund, the Airport Fund and the Stormwater Fund.

The Solid Waste Fund is used to account for the operations of the City's solid waste services. The Solid Waste Fund had a decrease in net assets of \$5 that resulted from expenses that were greater than the user charges for service.

The Airport Fund is used to account for the operations of the City's airport. The Airport Fund had an increase in net assets of \$1,798 that resulted from capital grants for improvements to the airport's infrastructure.

The Stormwater Fund is used to account for the operations of the City's stormwater. The Stormwater Fund had an increase in net assets of \$3,572 that resulted from developer contributions of \$3,176 from major development projects within the City.

Unrestricted net assets of all three enterprise funds for the current year and prior year are represented in the table below.

**CITY OF KISSIMMEE, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
September 30, 2008  
(In Thousands)

<b>Fund</b>	<b>Unrestricted Net Assets (In Thousands)</b>	
	<b>2008</b>	<b>2007</b>
Stormwater	\$ 1,155	\$ 427
Airport	1,910	669
Solid Waste	65	(56)
<b>Total</b>	<b>\$ 3,130</b>	<b>\$ 1,040</b>

The increase in unrestricted net assets in all three enterprise funds was due to interest income. There were no substantial changes in charges for service or customers in the fiscal year.

**General Fund Budgetary Highlights**

The General Fund's original budget increased by \$4,692, to arrive at the final amended budget for expenditures and transfers out. The changes within functions are summarized in the table below. Adjustments were made for capital expenditures and additional grant-funded expenditures during the course of the year.

**(In Thousands)**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Change</b>
General Government	\$ 9,313	\$ 10,444	\$ 1,131
Public Safety	30,074	30,939	865
Transportation	4,188	4,406	218
Culture/Recreation	5,863	6,265	402
Non-departmental	350	827	477
Transfers Out	-	1,599	1,599
	<b>\$ 49,788</b>	<b>\$ 54,480</b>	<b>\$ 4,692</b>

The General Fund under-spent the final budget by \$4,068 during fiscal year 2008. The changes within functions are summarized in the table below.

**(In Thousands)**

	<b>Actual Expenditures</b>	<b>Final Budget</b>	<b>Difference</b>
General Government	\$ 8,890	\$ 10,444	\$ 1,554
Public Safety	29,511	30,939	1,428
Transportation	3,961	4,406	445
Culture/Recreation	5,473	6,265	792
Non-departmental	766	827	61
Transfers Out	1,811	1,599	(212)
	<b>\$ 50,412</b>	<b>\$ 54,480</b>	<b>\$ 4,068</b>

General government under-spent the final budget by \$1,554 which was due primarily to reductions in operating expenditures and capital purchases delayed to a future period. Public safety under-spent the final budget by \$1,428 which was due primarily to anticipated capital purchases in the fiscal year that were delayed for a future period.

## Capital Assets and Long Term Debt

### Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2008 amounts to \$167,723 (net of accumulated depreciation). This investment in capital assets includes land, parking capacity, buildings, improvements other than buildings (including leasehold improvements), equipment, vehicles, infrastructure, and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was \$17,763. Governmental activities increased capital assets by \$14,433 and business-type activities increased capital assets by \$3,330.

The major capital asset event of governmental activities during the current fiscal year included the following.

- The bulk of the increase in capital assets related to governmental activities is for various completed improvements projects and transportation projects still in progress. These projects increased improvements by \$9,601 and construction in progress by \$4,739.

### City of Kissimmee, Florida Capital Assets (Net) (In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 16,239	\$ 14,613	\$ 401	\$ 401	\$ 16,640	\$ 15,014
Parking Capacity, net	3,060	3,500	-	-	3,060	3,500
Buildings	44,071	41,707	1,342	1,230	45,413	42,937
Improvements Other than Buildings	82,888	73,287	25,827	22,359	108,715	95,646
Equipment	33,631	31,297	3,088	2,976	36,719	34,273
Construction in Progress	23,634	18,895	3,731	3,453	27,365	22,348
	203,523	183,299	34,389	30,419	237,912	213,718
Less: Accumulated Depreciation	(63,511)	(57,720)	(6,678)	(6,038)	(70,189)	(63,758)
Capital Assets, net	\$ 140,012	\$ 125,579	\$ 27,711	\$ 24,381	\$ 167,723	\$ 149,960

Additional information on the City's capital assets, including major construction commitments, can be found in Note 5 of this report.

### Long-term debt

At the end of fiscal year 2008, the City had total debt outstanding of \$35,269. This is a decrease of \$1,869 from the prior year. This decrease represents the retirement of principal in FY08. Of this amount, \$34,646 is notes and bonds payable at year-end. Notes and bonds payable are the largest percentage of the City's overall outstanding debt. The decrease of notes and bonds payable amounted to \$1,803 for governmental activities. Business-type activities have no long term debt outstanding at year-end.

**CITY OF KISSIMMEE, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
 September 30, 2008  
 (In Thousands)

**City of Kissimmee, Florida**  
**Outstanding Long Term Debt**  
**(In Thousands)**

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenue Notes	\$ 34,229	\$ 36,009	\$ -	\$ -	\$ 34,229	\$ 36,009
Revenue Bonds	417	440	-	-	417	440
Capital Lease Payable	<u>623</u>	<u>689</u>	<u>-</u>	<u>-</u>	<u>623</u>	<u>689</u>
	<u>\$ 35,269</u>	<u>\$ 37,138</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,269</u>	<u>\$ 37,138</u>

Additional information on the City's debt, including any major changes to the City's credit ratings, can be found in Note 7 of this report.

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

- The unemployment rate for the City at September 30, 2008 was 6.5%. This represents an increase of 62.5% from the 4.0% unemployment rate from the prior year.
- The taxable assessed value increased 15.2% in the 2008 fiscal year.
- Population increased approximately 1% from the prior fiscal year to 62,669 at September 30, 2008.

The ad valorem tax rate for the General Fund was decreased for the 2009 fiscal year budget.

Rates for the City's water and wastewater utilities were not increased in fiscal year 2008 for the annual CPI (consumer price index) adjustment. Rates will be reviewed during the 2009 fiscal year for any necessary adjustments.

**Requests for Information**

This financial report is designed to present users with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions concerning any of the information provided in this report or need additional financial information, contact the City's Finance Department, 101 North Church Street, Kissimmee, Florida 34741.

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**CITY OF KISSIMMEE, FLORIDA**  
**STATEMENT OF NET ASSETS**  
September 30, 2008  
(In Thousands)

	<b>Governmental</b>	<b>Business-type</b>	<b>Total</b>
	<b>Activities</b>	<b>Activities</b>	
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 28,477	\$ 2,357	\$ 30,834
Investments	3,517	291	3,808
Restricted Cash and Investments	6,931	685	7,616
Receivables (net)	6,100	1,063	7,163
Due from Other Governments	3,132	123	3,255
Due From KUA	1,503	-	1,503
Due From TWA	452	-	452
Inventories	351	114	465
Prepaid Items	174	-	174
Capital Assets:			
Capital Assets not Being Depreciated	39,873	4,132	44,005
Capital Assets Being Amortized (Net)	3,060	-	3,060
Capital Assets Being Depreciated (Net)	97,079	23,579	120,658
Total Capital Assets	<u>140,012</u>	<u>27,711</u>	<u>167,723</u>
<b>Total Assets</b>	<u>190,649</u>	<u>32,344</u>	<u>222,993</u>
<b>LIABILITIES</b>			
Accounts Payable	2,510	339	2,849
Liabilities Payable from Restricted Assets	-	10	10
Contracts Payable	265	13	278
Accrued Liabilities	3,024	275	3,299
Due to Other Governments	531	-	531
Due To KUA	-	19	19
Unearned Revenue	1,377	-	1,377
Deposits	712	-	712
Long-term Liabilities:			
Due Within One Year	4,401	49	4,450
Due in More Than One Year	35,663	113	35,776
<b>Total Liabilities</b>	<u>48,483</u>	<u>818</u>	<u>49,301</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	110,615	27,711	138,326
Restricted			
Construction Projects	12,873	675	13,548
Building Code Enforcement	205	-	205
Charter School	1,127	-	1,127
Other Purposes	1,162	10	1,172
Unrestricted	<u>16,184</u>	<u>3,130</u>	<u>19,314</u>
<b>Total Net Assets</b>	<u>\$ 142,166</u>	<u>\$ 31,526</u>	<u>\$ 173,692</u>

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

**CITY OF KISSIMMEE, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended September 30, 2008  
**(In Thousands)**

<b>FUNCTIONS/PROGRAMS</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Governmental Activities:</b>				
General Government	\$ 24,294	\$ 13,384	\$ 339	\$ -
Public Safety	30,949	5,653	343	-
Physical Environment	82	81	688	96
Transportation	2,724	1,533	-	1,513
Economic Environment	2,663	-	1,177	690
Culture/Recreation	8,162	1,132	45	-
Interest on Long-Term Debt	1,531	-	-	-
<b>Total Governmental Activities</b>	<b>70,405</b>	<b>21,783</b>	<b>2,592</b>	<b>2,299</b>
<b>Business-type Activities:</b>				
Stormwater	2,805	3,317	-	3,176
Airport	967	890	-	988
Solid Waste	3,827	3,772	-	-
<b>Total Business-type Activities</b>	<b>7,599</b>	<b>7,979</b>	<b>-</b>	<b>4,164</b>
<b>Total</b>	<b>\$ 78,004</b>	<b>\$ 29,762</b>	<b>\$ 2,592</b>	<b>\$ 6,463</b>

General Revenues:  
Property Tax  
Sales Tax  
Public Service Tax  
Gas Tax  
State Revenue Sharing  
Other Taxes  
Unrestricted Intergovernmental Revenues  
Investment Income  
Miscellaneous  
Transfers  
Total General Revenues  
Change in Net Assets  
Net Assets - Beginning  
Net Assets - Ending

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

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

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (10,571)	\$ -	\$ (10,571)
(24,953)	-	(24,953)
783	-	783
322	-	322
(796)	-	(796)
(6,985)	-	(6,985)
(1,531)	-	(1,531)
<u>(43,731)</u>	<u>-</u>	<u>(43,731)</u>
-	3,688	3,688
-	911	911
-	(55)	(55)
<u>-</u>	<u>4,544</u>	<u>4,544</u>
<u>(43,731)</u>	<u>4,544</u>	<u>(39,187)</u>
15,405	-	15,405
9,992	-	9,992
6,490	-	6,490
2,430	-	2,430
1,708	-	1,708
1,273	-	1,273
13,610	-	13,610
18,744	1,049	19,793
951	-	951
228	(228)	-
<u>70,831</u>	<u>821</u>	<u>71,652</u>
27,100	5,365	32,465
<u>115,066</u>	<u>26,161</u>	<u>141,227</u>
<u>\$ 142,166</u>	<u>\$ 31,526</u>	<u>\$ 173,692</u>

**CITY OF KISSIMMEE, FLORIDA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
September 30, 2008  
(In Thousands)

		<b>2005</b>		
		<b>Construction</b>	<b>Community</b>	
		<b>Note Capital</b>	<b>Redevelopment</b>	
	<b>General</b>	<b>Project Fund</b>	<b>Agency</b>	
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 6,969	\$ -	\$ 862	
Investments	861	-	106	
Restricted Cash and Investments	-	6,094	-	
Accounts Receivable (net)	5,415	-	-	
Special Assessments Receivable (net)	50	-	-	
Due from KUA	1,498	-	-	
Due from TWA	302	-	-	
Due from Other Funds	231	-	487	
Due from Other Governments	1,077	-	-	
Prepaid Items	57	-	-	
Inventories	160	-	-	
Advance to Other Funds	-	-	-	
<b>Total Assets</b>	<b>\$ 16,620</b>	<b>\$ 6,094</b>	<b>\$ 1,455</b>	
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>				
Liabilities:				
Accounts Payable	\$ 680	\$ 53	\$ 185	
Contracts Payable	-	-	-	
Accrued Liabilities	847	-	-	
Due to Other Funds	-	-	-	
Due to Other Governments	338	-	-	
Advance From Other Funds	-	-	2,741	
Deposits Payable	637	-	-	
Deferred Revenue	334	-	-	
<b>Total Liabilities</b>	<b>2,836</b>	<b>53</b>	<b>2,926</b>	
Fund Balances (Deficits):				
Reserved for:				
Prepaid Items	57	-	-	
Inventories	160	-	-	
Advance to Other Funds	-	-	-	
Capital Projects	-	6,041	-	
Public Safety Projects	-	-	-	
Development Services	-	-	-	
Economic Development	-	-	-	
Supplementary Care	-	-	-	
Debt Service	-	-	-	
Unreserved (Deficits) Reported In:				
General Fund	13,567	-	-	
Special Revenue Funds	-	-	(1,471)	
Debt Service Funds	-	-	-	
Capital Projects Funds	-	-	-	
<b>Total Fund Balances (Deficits)</b>	<b>13,784</b>	<b>6,041</b>	<b>(1,471)</b>	
<b>Total Liabilities and Fund Balances (Deficits)</b>	<b>\$ 16,620</b>	<b>\$ 6,094</b>	<b>\$ 1,455</b>	

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

<u>Local Option Sales Tax</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,796	\$ 12,035	\$ 21,662
222	1,486	2,675
-	837	6,931
-	622	6,037
-	5	55
-	-	1,498
-	-	302
-	-	718
1,089	966	3,132
-	7	64
-	-	160
2,741	-	2,741
<u>\$ 5,848</u>	<u>\$ 15,958</u>	<u>\$ 45,975</u>
\$ 81	\$ 1,212	\$ 2,211
-	265	265
-	2,127	2,974
-	718	718
-	193	531
-	-	2,741
-	75	712
-	1,780	2,114
<u>81</u>	<u>6,370</u>	<u>12,266</u>
-	7	64
-	-	160
2,741	-	2,741
3,026	6,683	15,750
-	52	52
-	205	205
-	12	12
-	608	608
-	217	217
-	-	13,567
-	2,526	1,055
-	(32)	(32)
-	(690)	(690)
<u>5,767</u>	<u>9,588</u>	<u>33,709</u>
<u>\$ 5,848</u>	<u>\$ 15,958</u>	<u>\$ 45,975</u>

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**CITY OF KISSIMMEE, FLORIDA**  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
as of September 30, 2008  
**(In Thousands)**

**Total fund balances of governmental funds** \$ 33,709

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 funds. The cost of the assets is \$199,667, the accumulated depreciation is \$59,754, and the accumulated amortization is \$204. The difference does not include the net capital assets of the internal service funds which are included below. 139,709

The internal service fund is used by management to charge the costs of risk management services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 5,173

Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities--both current and long-term--are reported in the Statement of Net Assets. The amount does not include the net long term liabilities of the internal service funds which are included below. Long-term liabilities at year-end consist of:

Bonds payable	\$ 417	
Capital leases	623	
Notes payable	34,229	
Compensated absences	1,893	(37,162)

Deferred revenue from federal and state grants recognized as revenue of the current period 737

**Total net assets of governmental activities** \$ 142,166

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

**CITY OF KISSIMMEE, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the Year Ended September 30, 2008  
(In Thousands)

	2005		
	General	Construction Note Capital Project Fund	Community Redevelopment Agency
<b>REVENUES</b>			
Taxes	\$ 14,185	\$ -	\$ 1,423
Special Assessments Levied	-	-	-
Impact Fees	-	-	-
Permits and Fees	119	-	-
Intergovernmental Revenues	20,260	-	36
Charges for Services	4,592	-	-
Fines and Forfeitures	653	-	-
Investment Income	4,639	1,261	870
Miscellaneous Revenues	552	-	1
<b>Total Revenues</b>	<u>45,000</u>	<u>1,261</u>	<u>2,330</u>
<b>EXPENDITURES</b>			
Current:			
General Government	9,493	-	1,802
Public Safety	29,511	-	-
Physical Environment	-	-	-
Transportation	3,961	-	-
Economic Environment	-	-	-
Culture/Recreation	5,473	-	-
Capital Outlay	-	1,129	-
Debt Service:			
Principal Retirement	136	-	-
Interest and Fiscal Charges	27	-	-
<b>Total Expenditures</b>	<u>48,601</u>	<u>1,129</u>	<u>1,802</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(3,601)</u>	<u>132</u>	<u>528</u>
<b>OTHER FINANCING SOURCES and (USES)</b>			
Transfers In	9,011	-	247
Transfers (Out)	(1,811)	-	(150)
Issuance of Notes Payable	-	-	-
Issuance of Capital Lease	-	-	-
<b>Total Other Financing Sources and (Uses)</b>	<u>7,200</u>	<u>-</u>	<u>97</u>
<b>Net Change in Fund Balances</b>	3,599	132	625
<b>Fund Balances (Deficit) - Beginning</b>	<u>10,185</u>	<u>5,909</u>	<u>(2,096)</u>
<b>Fund Balances (Deficit) - Ending</b>	<u>\$ 13,784</u>	<u>\$ 6,041</u>	<u>\$ (1,471)</u>

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

<b>Local Option Sales Tax</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 5,910	\$ 9,935	\$ 31,453
-	220	220
-	870	870
-	2,180	2,299
316	8,819	29,431
-	562	5,154
-	-	653
3,040	5,891	15,701
-	378	931
<u>9,266</u>	<u>28,855</u>	<u>86,712</u>
1,014	4,888	17,197
734	2,721	32,966
10	72	82
1,237	6,131	11,329
-	2,223	2,223
1,885	1,479	8,837
-	1,405	2,534
-	2,180	2,316
-	1,504	1,531
<u>4,880</u>	<u>22,603</u>	<u>79,015</u>
<u>4,386</u>	<u>6,252</u>	<u>7,697</u>
193	5,007	14,458
(2,159)	(10,110)	(14,230)
-	316	316
-	131	131
<u>(1,966)</u>	<u>(4,656)</u>	<u>675</u>
2,420	1,596	8,372
<u>3,347</u>	<u>7,992</u>	<u>25,337</u>
<u>\$ 5,767</u>	<u>\$ 9,588</u>	<u>\$ 33,709</u>

**CITY OF KISSIMMEE, FLORIDA**  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For The Year Ended September 30, 2008  
**(In Thousands)**

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

Net change in fund balances - total governmental funds	\$	8,372
--	----	-------

Governmental funds report capital purchases as expenditures. However, in the statement of activities, the cost of those assets is depreciated and amortized over their estimated useful lives and reported as depreciation expense. This is the amount by which capital purchases (\$21,611) exceeds depreciation (\$6,743, which excludes the amount related to internal service funds accounted for below) and amortization (\$204). 14,664

The issuance of bonds and similar long-term debt provides current financial resources to governmental funds and thus contributes to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The amounts of the items that make up these differences in the treatment of long-term debt and related items are:

Debt issued or incurred:		
Proceeds from note	\$	(316)
Proceeds from capital lease		(131)
Principal repayments:		
Bonds		23
Leases		197
Notes		<u>2,096</u>
		1,869

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. These adjustments are as follows:

Compensated absences	<u>(255)</u>	(255)
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*Continued*

**CITY OF KISSIMMEE, FLORIDA**  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES - Continued  
For The Year Ended September 30, 2008  
**(In Thousands)**

Under the modified accrual basis of accounting, grant revenues are recognized when both the measurable and available criteria have been met. Grant revenues earned in the current year were not recognized since availability criteria was not met. Under full accrual accounting, all revenues would be recognized.	77
In the statement of activities, only the loss on the sale/disposal of capital assets is reported. The change in net assets differs from the change in fund balance by the cost of the capital assets sold/disposed or adjusted in value.	(159)
The internal service fund is used by management to charge the costs of risk management services to other funds. The net revenue of the internal service fund is reported with governmental activities.	<u>2,532</u>
Change in net assets of governmental activities	<u>\$ 27,100</u>

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

**CITY OF KISSIMMEE, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
September 30, 2008  
**(In Thousands)**

	<u>Business-type Activities - Enterprise Funds</u>				<b>Governmental</b>
	<u>Stormwater</u>	<u>Airport</u>	<u>Solid Waste</u>	<u>Total</u>	<b>Activities - Internal Service Funds</b>
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 711	\$ 1,562	\$ 84	\$ 2,357	\$ 6,815
Investments	88	193	10	291	842
Restricted Cash and Cash Equivalents	-	10	-	10	-
Accounts Receivable (net)	419	204	440	1,063	8
Due From Other Governments	81	42	-	123	-
Due From KUA	-	-	-	-	5
Due From TWA	-	-	-	-	150
Inventories	-	-	-	-	191
Prepaid Items	-	114	-	114	110
<b>Total Current Assets</b>	<u>1,299</u>	<u>2,125</u>	<u>534</u>	<u>3,958</u>	<u>8,121</u>
Noncurrent Assets:					
Restricted Assets:					
Cash and Cash Equivalents	-	675	-	675	-
Total Restricted Assets	<u>-</u>	<u>675</u>	<u>-</u>	<u>675</u>	<u>-</u>
Capital Assets:					
Land	-	401	-	401	140
Buildings	-	1,337	5	1,342	59
Improvements Other Than Buildings	8,702	17,122	3	25,827	2,141
Machinery, Equipment and Vehicles	369	243	2,478	3,090	1,681
Construction in Progress	-	3,731	-	3,731	39
Less: Accumulated Depreciation	<u>(400)</u>	<u>(4,416)</u>	<u>(1,864)</u>	<u>(6,680)</u>	<u>(3,757)</u>
Total Capital Assets (Net)	<u>8,671</u>	<u>18,418</u>	<u>622</u>	<u>27,711</u>	<u>303</u>
<b>Total Noncurrent Assets</b>	<u>8,671</u>	<u>19,093</u>	<u>622</u>	<u>28,386</u>	<u>303</u>
<b>Total Assets</b>	<u>9,970</u>	<u>21,218</u>	<u>1,156</u>	<u>32,344</u>	<u>8,424</u>

Continued

**CITY OF KISSIMMEE, FLORIDA**  
**STATEMENT OF NET ASSETS - Continued**  
**PROPRIETARY FUNDS**  
September 30, 2008  
(In Thousands)

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental</u>
	<u>Stormwater</u>	<u>Airport</u>	<u>Solid Waste</u>	<u>Total</u>	<u>Activities - Internal Service Funds</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable	\$ 22	\$ 135	\$ 182	\$ 339	\$ 299
Contracts Payable	-	13	-	13	-
Due To KUA	12	-	7	19	-
Accrued Liabilities	32	15	228	275	50
Liabilities Payable from Restricted Assets - Deposits	-	10	-	10	-
Compensated Absences Payable	23	10	16	49	30
Estimated Claims Payable	-	-	-	-	1,401
<b>Total Current Liabilities</b>	<u>89</u>	<u>183</u>	<u>433</u>	<u>705</u>	<u>1,780</u>
Noncurrent Liabilities:					
Compensated Absences Payable	55	22	36	113	70
Estimated Claims Payable	-	-	-	-	1,401
<b>Total Noncurrent Liabilities</b>	<u>55</u>	<u>22</u>	<u>36</u>	<u>113</u>	<u>1,471</u>
<b>Total Liabilities</b>	<u>144</u>	<u>205</u>	<u>469</u>	<u>818</u>	<u>3,251</u>
<b>NET ASSETS</b>					
Invested in Capital Assets	8,671	18,418	622	27,711	303
Restricted	-	685	-	685	-
Unrestricted	<u>1,155</u>	<u>1,910</u>	<u>65</u>	<u>3,130</u>	<u>4,870</u>
<b>Total Net Assets</b>	<u>\$ 9,826</u>	<u>\$ 21,013</u>	<u>\$ 687</u>	<u>\$ 31,526</u>	<u>\$ 5,173</u>

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

**CITY OF KISSIMMEE, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
For The Year Ended September 30, 2008  
**(In Thousands)**

	<u>Business-type Activities - Enterprise Funds</u>				Governmental
	<u>Stormwater</u>	<u>Airport</u>	<u>Solid Waste</u>	<u>Total</u>	Activities - Internal <u>Service Funds</u>
<b>Operating Revenues:</b>					
Charges for Services	\$ 3,317	\$ 890	\$ 3,749	\$ 7,956	\$ 7,358
Miscellaneous Revenues	-	-	10	10	-
<b>Total Operating Revenues</b>	<u>3,317</u>	<u>890</u>	<u>3,759</u>	<u>7,966</u>	<u>7,358</u>
<b>Operating Expenses:</b>					
Personal Services	1,543	378	1,610	3,531	2,289
Contracted Services	648	52	89	789	88
Supplies and Materials	191	36	363	590	273
Repairs and Maintenance	187	53	269	509	1,414
Other Services and Charges	14	192	1,169	1,375	667
Depreciation	222	256	327	805	121
Claims/Premium Expense	-	-	-	-	3,104
<b>Total Operating Expenses</b>	<u>2,805</u>	<u>967</u>	<u>3,827</u>	<u>7,599</u>	<u>7,956</u>
<b>Operating Income (Loss)</b>	<u>512</u>	<u>(77)</u>	<u>(68)</u>	<u>367</u>	<u>(598)</u>
<b>Nonoperating Revenues:</b>					
Investment Income	113	886	50	1,049	3,043
Insurance Recoveries	-	-	-	-	85
Proceeds from Sale of Capital Assets	-	-	13	13	2
<b>Total Nonoperating Revenues</b>	<u>113</u>	<u>886</u>	<u>63</u>	<u>1,062</u>	<u>3,130</u>
<b>Income (Loss) Before Contributions and Transfers</b>	625	809	(5)	1,429	2,532
Capital Contributions	3,176	988	-	4,164	-
Transfers In	-	3	-	3	-
Transfers (Out)	(229)	(2)	-	(231)	-
<b>Change in Net Assets</b>	<u>3,572</u>	<u>1,798</u>	<u>(5)</u>	<u>5,365</u>	<u>2,532</u>
<b>Total Net Assets - Beginning</b>	<u>6,254</u>	<u>19,215</u>	<u>692</u>	<u>26,161</u>	<u>2,641</u>
<b>Total Net Assets - Ending</b>	<u>\$ 9,826</u>	<u>\$ 21,013</u>	<u>\$ 687</u>	<u>\$ 31,526</u>	<u>\$ 5,173</u>

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

**CITY OF KISSIMMEE, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For The Year Ended September 30, 2008  
**(In Thousands)**

	<u>Business-type Activities - Enterprise Funds</u>				Governmental
	<u>Stormwater</u>	<u>Airport</u>	<u>Solid Waste</u>	<u>Total</u>	Activities - Internal Service Funds
<b>Cash Flows from Operating Activities</b>					
Receipts from Customers and Users	\$ 3,302	\$ 717	\$ 3,823	\$ 7,842	\$ 7,207
Payments to Suppliers	(1,130)	(342)	(2,093)	(3,565)	(4,889)
Payments to Employees	(1,542)	(368)	(1,592)	(3,502)	(2,275)
<b>Net Cash Provided by Operating Activities</b>	<u>630</u>	<u>7</u>	<u>138</u>	<u>775</u>	<u>43</u>
<b>Cash Flows from Noncapital Financing Activities</b>					
Transfers (to) from Other Funds	(229)	1	-	(228)	-
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<u>(229)</u>	<u>1</u>	<u>-</u>	<u>(228)</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Acquisition/Construction of Capital Assets	(590)	(843)	(202)	(1,635)	(49)
Capital Contributions	700	988	-	1,688	-
Proceeds from Insurance Recoveries	-	-	-	-	85
Proceeds from Sale of Capital Assets	-	-	13	13	2
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>110</u>	<u>145</u>	<u>(189)</u>	<u>66</u>	<u>38</u>
<b>Cash Flows from Investing Activities</b>					
(Purchase) of Investments	(53)	-	-	(53)	(15)
Proceeds from Sale and Maturity of Investments	-	90	9	99	88
Gain (Loss) on Investments	113	886	50	1,049	3,043
<b>Net Cash Provided by Investing Activities</b>	<u>60</u>	<u>976</u>	<u>59</u>	<u>1,095</u>	<u>3,116</u>
<b>Net Increase in Cash and Cash Equivalents</b>	571	1,129	8	1,708	3,197
Cash and Cash Equivalents at Beginning of Year	<u>140</u>	<u>1,118</u>	<u>76</u>	<u>1,334</u>	<u>3,618</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 711</u>	<u>\$ 2,247</u>	<u>\$ 84</u>	<u>\$ 3,042</u>	<u>\$ 6,815</u>

Continued

**CITY OF KISSIMMEE, FLORIDA**  
**STATEMENT OF CASH FLOWS - Continued**  
**PROPRIETARY FUNDS**  
For The Year Ended September 30, 2008  
**(In Thousands)**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental</u>	
	<u>Stormwater</u>	<u>Airport</u>	<u>Solid Waste</u>		<u>Internal Service Funds</u>
	<u>Total</u>				
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>					
Operating Income (Loss)	\$ 512	\$ (77)	\$ (68)	\$ 367	\$ (598)
Depreciation	222	256	327	805	121
Change in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	66	(173)	64	(43)	(2)
(Increase) Decrease in Due from Other Governments	(81)	-	-	(81)	-
(Increase) Decrease in Due from KUA	-	-	-	-	(3)
(Increase) Decrease in Due from TWA	-	-	-	-	(91)
(Increase) Decrease in Prepaid Items	-	(114)	-	(114)	(110)
(Increase) Decrease in Inventories	-	-	-	-	(30)
Increase (Decrease) in Accounts Payable	(90)	96	(203)	(197)	44
Increase (Decrease) in Contracts Payable	-	13	-	13	-
Increase (Decrease) in Due to Other Governments	-	(4)	-	(4)	-
Increase (Decrease) in Accrued Liabilities	7	9	24	40	11
Increase (Decrease) in Compensated Absences	(6)	1	(6)	(11)	3
Increase (Decrease) in Claims Payable	-	-	-	-	698
<b>Total Adjustments</b>	<u>118</u>	<u>84</u>	<u>206</u>	<u>408</u>	<u>641</u>
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 630</u>	<u>\$ 7</u>	<u>\$ 138</u>	<u>\$ 775</u>	<u>\$ 43</u>

There was noncash capital contributions of \$2,476 in the Stormwater fund.

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

**CITY OF KISSIMMEE, FLORIDA**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**PENSION TRUST FUNDS**  
September 30, 2008  
**(In Thousands)**

**ASSETS**

Pension Cash and Short Term Investments	\$	7,544
Interest Receivable		353
Investments, at Fair Value:		
U.S. Government Obligations		3,684
U.S. Instrumentalities		18,952
Corporate Bonds		8,615
Corporate Stocks		40,812
Mutual Funds		13,834
Total Investments		<u>85,897</u>
<b>Total Assets</b>		<u>93,794</u>

**LIABILITIES**

Accounts Payable		<u>1</u>
<b>Total Liabilities</b>		1

**Net Assets Held in Trust  
for Pension Benefits**

**\$ 93,793**

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

**CITY OF KISSIMMEE, FLORIDA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**PENSION TRUST FUNDS**  
For The Year Ended September 30, 2008  
**(In Thousands)**

<b>ADDITIONS</b>	
Employer Contributions	\$ 6,871
Employee Contributions	<u>1,295</u>
<b>Total Contributions</b>	<u>8,166</u>
Investment (Loss)	<u>(21,023)</u>
<b>Total Contributions and (Losses)</b>	<u>(12,857)</u>
 <b>DEDUCTIONS</b>	
Benefits	5,243
Administrative Expense	<u>566</u>
<b>Total Deductions</b>	<u>5,809</u>
<b>Change in Net Assets</b>	(18,666)
<b>Net Assets - Beginning of Year</b>	<u>112,459</u>
<b>Net Assets - End of Year</b>	<u>\$ 93,793</u>

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

**CITY OF KISSIMMEE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**

September 30, 2008

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Kissimmee, Florida (the “City”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant City accounting policies are described below.

**A. The Reporting Entity**

The City was established pursuant to 65-1775 laws of Florida. The legislative branch of the City is composed of a five (5) member elected Commission, including a city-wide elected mayor. The City Commission is governed by the City Charter, and by state and local laws and regulations. The City Commission is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Commission appointed City Manager.

The accompanying financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. A blended component unit, although legally separate, is in substance, part of the City’s operations. The City has only one blended component unit, the Community Redevelopment Agency (the “CRA”). For financial reporting purposes, the CRA is reported as if it were a part of the City’s operations. The CRA is an incremental tax district created by City Ordinance #1893, in April of 1993, pursuant to Florida Statutes 163.356. The City Commission serves as the governing board, approves the budget, provides funding and performs all accounting functions for the CRA. The CRA’s services are provided exclusively to the City. The CRA has been presented as a blended component unit classified as a special revenue fund. The City has no discretely presented component units.

**B. 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 nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Statement of Activities demonstrates the degree to which the direct expenses and indirect costs of a given function, or segment, are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Indirect Expenses* are those costs that are allocated to functions and activities in accordance with the City’s adopted indirect cost allocation plan. The “Expenses” column includes both direct and indirect expenses. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items properly not included among program revenues are reported instead as *general revenues*.

Separate fund financial statements are provided for governmental funds, enterprise funds, internal service funds and the pension trust funds. The pension trust funds are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. The internal service funds are grouped together and shown alongside the enterprise funds. The internal service funds are combined with the governmental funds to aggregate governmental activities in the government-wide financial statements.

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

**1. Government-wide Financial Statements**

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

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

**2. Fund Financial Statements**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

- The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *2005 Construction Note Capital Project Fund* is a capital projects fund used to account for the proceeds of the 2005 Construction Note and the construction of a fire station and various road and design improvements.
- The *Community Redevelopment Agency Fund* is a special revenue fund used to account for operations of the Community Redevelopment Agency (CRA). Costs will ultimately be funded with incremental tax increases of property located within the CRA.
- The *Local Option Sales Tax Fund* is a special revenue fund used to account for sales tax revenues designated for improvements to infrastructure.

**CITY OF KISSIMMEE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS – Continued**  
September 30, 2008  
**(In Thousands)**

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The City reports the following major enterprise funds:

- The *Stormwater Fund* accounts for the fiscal activities of the City's stormwater operations and maintenance.
- The *Airport Fund* accounts for the fiscal activities of the City's airport operations and maintenance.
- The *Solid Waste Fund* accounts for the fiscal activities of the City's solid waste removal service operations.

Additionally, the City reports the following fund types:

- *Special Revenue Funds* account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.
- *Debt Service Funds* account for the accumulation of resources for, and the payment of, governmental long-term debt principal and interest.
- *Capital Projects Funds* account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).
- *Internal Service Funds* account for certain activities of the City's centralized services and risk management program. Centralized services include information technology, purchasing, warehouse, garage, building maintenance, and printing. Risk management activities include legal expenses incurred related to activities not specifically covered by City insurance policies and collections of settlements or refunds from related cases.
- *Pension Trust Funds* account for the activities of the City's General Employees', Police Officers', and Firefighters' Pension Plans, which accumulate resources for pension benefit payments to qualified employees.

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and of the City's internal service funds are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, claims expense, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use unrestricted resources first, and then restricted resources, as they are needed for their intended purposes.

**D. Budgetary Requirements**

The following procedures are used to establish the budgetary data reflected in the financial statements pursuant to Florida Statutes and the City Charter:

- 1) The City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing the following October 1. Work sessions are held to review the proposed budget.
- 2) Public hearings are held to obtain taxpayer comments.
- 3) Prior to October 1, the City Commission conducts the final budget hearing to consider additional public comments and to adopt the final ad valorem millage and final budget.
- 4) Budgets are legally adopted and formal budgetary integration is employed as a management control device during the year for the general fund, certain special revenue funds, certain debt service funds and all capital projects funds. Budgets are not adopted for the Juvenile Justice Grant, EMS Grant, Workforce Grant, Victims Crime Act Grant, Fire Assessment Fee Fund, Justice Assistance Grant, Police and Firefighters Premium Tax Fund, and Supplementary Care special revenue funds. A budget is not adopted for the 2004 CRA Revenue Note debt service fund.
- 5) Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- 6) The City Manager is authorized to approve transfers between line items other than salary accounts within any department, with all such adjustments reported on a monthly basis to the City Commission. However, the City Manager can approve transfers of unused amounts in salary account line items to advertising, recruiting and/or professional service account line items. Transfers between departments, other transfers between salary account line items and changes in total budget appropriations for a fund must have prior approval of the City Commission. During the current fiscal year, various appropriations were approved in accordance with this policy. Budgeted amounts shown in the financial statements are as originally adopted and as further amended.
- 7) Budget appropriations lapse at year-end. Encumbrances outstanding at year-end are charged against the ensuing year's budget, and thus are not shown in budget to actual presentations and are carried forward.

**E. Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, demand deposits, certificates of deposit, money market accounts, savings accounts, investments in the State Board of Administration (SBA) Local Government Surplus Funds Trust Fund Pool A, and highly liquid investments (including restricted assets) with a maturity of three months or less when purchased.

**F. Investments**

Investments are stated at fair value, with the exception of investments in the SBA Fund B Surplus Funds Trust Fund (Fund B), an external investment pool which is accounted for as a fluctuating net asset value (NAV) pool. The Fund B fair value factor at September 30, 2008 was .798385 which was used to calculate the fair value of the City's investment. The Office of the Auditor General of the State of Florida performs the operational audit of the activities and investments of the SBA.

## **G. Receivables**

### Property Taxes Receivable

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessments are also designed to assure a consistent property valuation method statewide. State Statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The City's current millage is 3.7058 mills. All real and tangible personal property taxes are due and payable on the levy date of November 1 of each year or as soon thereafter as the assessment roll is certified by the Osceola County Property Appraiser (levy date). Osceola County mails to each property owner on the assessment roll a notice of the taxes due and the County also collects the taxes for the City. Taxes may be paid upon receipt of such notice from the County, with discounts at the rate of four percent (4%) if paid in the month of November, three percent (3%) if paid in the month of December, two percent (2%) if paid in the month of January, and one percent (1%) if paid in the month of February. Taxes paid during the month of March are without discount and all unpaid taxes on real and tangible property become delinquent on April 1 (the lien date) of the year following the year in which taxes were assessed. Procedures for collecting delinquent taxes, including applicable tax certificate sales, are provided for by the Laws of Florida.

### Special Assessments Receivable

Special assessments receivable are recorded at the time the related project is completed and are secured by liens on the property benefited. Revenue in governmental funds is deferred until such time it becomes an available, spendable or appropriable resource. Special assessment revenues are recorded in the government-wide and enterprise fund financial statements when earned.

## **H. Inventories**

Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

## **I. Prepays**

Prepays represent payments made to vendors for services that will benefit beyond September 30, 2008.

## **J. Restricted Assets**

The uses of certain assets of the Airport Enterprise Funds are restricted by specific provisions of grant agreements. Assets so designated are identified as restricted assets on the statement of net assets. Restricted cash and cash equivalents of governmental funds arise from provisions within revenue bonds issued by the City and are so designated on the statement of net assets and balance sheets of governmental funds.

## **K. Capital Assets**

Capital assets include property, plant, equipment, intangibles, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Property, plant, equipment, and intangibles with initial, individual costs that equal or exceed seven-hundred and fifty dollars and estimated useful lives of over one year are recorded as capital assets. Infrastructure is capitalized when the initial costs equal or exceed \$25 and has an estimated useful life of more than one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**CITY OF KISSIMMEE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS – Continued**  
September 30, 2008  
**(In Thousands)**

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Infrastructure capital assets are included in improvements other than buildings for financial statement classification.

Intangibles assets are amortized over their useful lives, when the length of their lives is limited by contractual or legal limitations. Buildings, improvements, infrastructure, and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25
Improvements Other than Buildings	4-12
Infrastructure	20-50
Equipment	5-20

**L. Amortization of Bond Discount and Issuance Costs**

In the governmental funds, these costs are charged to current expenditures when bonds are issued.

**M. Compensated Absences**

City policy allows each employee to accumulate up to three times the accrual rate, ranging from 30 to 60 days of vacation leave. Time accrued beyond that is forfeited unless exception is granted by the City Manager. The majority of employees utilize their annual accrual of vacation leave during the year accrued. Employees are allowed to accumulate up to 60 days medical leave. Time accrued beyond that is paid to the employees every year at the rate of one-half their pay rate. The City records compensated absences in governmental funds as expenditures for the amount accrued during the year that would normally be liquidated with expendable, available financial resources. The City accrues compensated absences in the period they are earned in the government-wide and enterprise fund financial statements.

**N. Deferred Revenues**

Deferred revenues in the governmental funds represent paving assessment receivables and grant receivables that are measurable but the revenue is not available. For government-wide reporting, these amounts are recognized as revenue when earned on the full accrual basis of accounting.

**O. Contributions**

Contributions consist primarily of donations from federal and state aid programs. Contributions are recognized when earned or when legal title is transferred to the City for contributed capital assets.

**P. Reserves of Fund Balances**

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.

**Q. Net Assets Restricted by Enabling Legislation**

In the government-wide financial statements, governmental activities report restricted net assets of \$15,367, of which management has determined \$205 for building code enforcement is restricted by enabling legislation.

**CITY OF KISSIMMEE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS – Continued**  
September 30, 2008  
(In Thousands)

**NOTE 2 – DEPOSITS AND INVESTMENTS**

Deposits

Deposits consist of demand accounts (interest and non-interest bearing). All deposits with financial institutions were 100% insured by Federal depository insurance or by collateral pursuant to the Public Depository Security Act of the State of Florida. The book balance of the demand deposits and cash on hand at September 30, 2008 was \$6,618.

Investments

The City's investment policy is governed by local resolution and bond covenants. Allowable investments include: the SBA Local Government Surplus Funds Trust Fund; SBA fund B Surplus Funds Trust Fund; negotiable direct obligations, or obligations the principal and interest of which are unconditionally guaranteed by the United States government; bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by United States agencies, provided such obligations are backed by the full faith and credit of the United States Government; bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by United States Government agencies which are not full faith and credit agencies; repurchase agreements; bankers' acceptances; commercial paper; state and/or local government taxable and tax-exempt debt; and fixed income mutual funds. In addition, the City's retirement plans may invest in corporate bonds and stocks as well as limited partnerships.

The following is a summary of the City's pooled investments (including the Pension Trust Funds) at September 30, 2008.

	<b>Fair Value</b>	<b>Weighted Average Maturity (Years)</b>	<b>Credit Rating</b>
U.S Government Instrumentalities	\$4,846	13.37	S&P AAA
Local Government Surplus Funds Trust Fund Pool B	242	see below (1)	not rated
Overnight Repurchase Agreement	29,361	n/a	n/a
Mutual Funds	8,735	n/a	S&P A+
Total Investments	<u>\$43,184</u>		

(1) The weighted average life at September 30, 2008 was 9.36 years.

	<b>General Employees Pension Fair Value</b>	<b>Weighted Average Maturity (Years)</b>	<b>Police Officers' Pension Fair Value</b>	<b>Weighted Average Maturity (Years)</b>	<b>Firefighters' Pension Fair Value</b>	<b>Weighted Average Maturity (Years)</b>	<b>Total All Pensions</b>
U.S Government Obligations	\$2,636	5.67	\$443	8.02	\$605	5.09	\$3,684
U.S Government Instrumentalities	9,236	17.94	6,072	16.70	3,644	22.11	\$18,952
Corporate Bonds	3,423	11.58	3,536	4.18	1,655	13.88	\$8,614
Corporate Stocks	22,275	n/a	11,979	n/a	6,559	n/a	\$40,813
Total Investments	<u>37,570</u>		<u>22,030</u>		<u>12,463</u>		<u>\$72,063</u>
Mutual Funds	7,669	n/a	0	n/a	6,165	n/a	\$13,834
Total Cash and Investments	<u>\$45,239</u>		<u>\$22,030</u>		<u>\$18,628</u>		<u>\$85,897</u>

Interest Rate Risk - To mitigate interest rate risk, the City's investment policy requires that the investment portfolio structure maturities to meet the City's cash needs for ongoing operations and that operating funds be invested primarily in short-term securities. Of the City's investments outstanding at yearend, 40% of them have maturities of less than one year. The City's policy requires that investments have maturities that match known cash needs and anticipated cash-flow requirements.

**CITY OF KISSIMMEE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS – Continued**  
September 30, 2008  
**(In Thousands)**

Credit Risk – To mitigate credit risk, the City’s investment policy limits the minimum credit quality rating of investments, as rated by nationally recognized statistical rating organizations (NRSROs). The City primarily invests in U.S. government securities, mutual funds, and overnight repurchase agreements. Money market accounts are held with qualified public depositories who meet the State of Florida requirements.

Custodial Risk – To mitigate custodial risk, broker/dealers must meet established capital requirements as set forth by the Securities Exchange Commission, be registered in the State of Florida, provide proof of registration, complete a broker/dealer questionnaire, certify understanding of the City’s investment policy, and provide a copy of the most recent audit report. Investments in the repurchase agreements and overnight repurchase agreements subject the City to custodial credit risk, which is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. All of the City’s \$29,361 in overnight repurchase agreements that are held by the investment’s counterparty are not in the name of the City. The City’s investment policy does not place any limits on the amount allowed to be held by counterparties.

Concentration of Credit Risk – The City’s investment policy requires that investments be diversified by security type and institution. No more than 50% of the City’s funds will be invested with the same issuer, dealer or banking institution and no more than 20% of the City’s funds will be invested beyond five years in any security with the same maturity date. At September 30, 2008, the City did have a concentration of investments with the banking institution SunTrust Bank. Due to the current declining economic condition of the financial market, the City felt a conservative approach to banking with a local stable institution was a prudent measure. The City is currently searching for an investment manager to assist in diversification of its investments in the subsequent year.

**NOTE 3 – RECEIVABLES**

The following is a detail listing of receivables for the City’s individual major funds and the aggregate of nonmajor funds at September 30, 2008. Special assessment receivables are secured by liens placed on benefited properties at the time of the original assessment.

Description	General	Stormwater	Airport	Solid Waste	Nonmajor Funds	Pension Funds	Total
Accounts	\$ 5,605	\$ 419	\$ 204	\$ 440	\$ 630	\$ 353	\$ 7,651
Special assessments	53	-	-	-	5	-	58
	5,658	419	204	440	635	353	7,709
Less: Allowance for uncollectibles	(193)	-	-	-	-	-	(193)
	\$ 5,465	\$ 419	\$ 204	\$ 440	\$ 635	\$ 353	\$ 7,516

**CITY OF KISSIMMEE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS – Continued**  
September 30, 2008  
(In Thousands)

**NOTE 4 – INTERFUND ACCOUNTS**

Individual interfund receivables and payables with a description of their purpose at September 30, 2008 are:

	<u>Advance To</u>	<u>Advance From</u>	<b>Purpose</b>
Local Option Sales Tax	\$ 2,741	\$ -	Loan to CRA for improvement projects to be repaid with tax increment revenue
Community Redevelopment Agency Fund	-	2,741	
	<u>\$ 2,741</u>	<u>\$ 2,741</u>	

	<u>Due From</u>	<u>Due To</u>	<b>Purpose</b>
General Fund	\$ 231	\$ -	To cover negative cash position of Funds
Community Redevelopment Agency	487	-	To cover negative cash position of construction project
Nonmajor Funds:			
Special Revenue Funds	-	718	Negative cash balances.
	<u>\$ 718</u>	<u>\$ 718</u>	

	<u>Transfer In</u>	<u>Transfers Out</u>	<b>Purpose</b>
General Fund	\$ 9,011	\$ 1,811	Transfer to cover debt service payments
Community Redevelopment Agency	247	150	Transfer to General Fund for overhead allocation

Individual interfund transfers with a description of their purpose at September 30, 2008 are:

	<u>Transfer In</u>	<u>Transfers Out</u>	<b>Purpose</b>
General Fund	\$ 9,011	\$ 1,811	Transfer to cover debt service payments
Community Redevelopment Agency	247	150	Transfer to General Fund for overhead allocation
Local Option Sales Tax	193	2,159	Transfer sales tax revenue to General Fund
Stormwater	-	229	Transfer to General Fund for overhead allocation
Airport	3	2	
Nonmajor Funds:			
Special Revenue Funds	1,721	9,557	Transfer to cover cash balances and correct cash
Debt Service Funds	3,286	95	Transfer to cover debt service payment
Capital Projects Funds	-	458	Transfer to cover cost of construction projects
	<u>\$ 14,461</u>	<u>\$ 14,461</u>	

**CITY OF KISSIMMEE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS – Continued**  
September 30, 2008  
(In Thousands)

**NOTE 5 – CAPITAL ASSETS**

**A. Changes in Capital Assets**

The following show the changes in capital assets by governmental activities and business-type activities. Also shown is a summary of depreciation and amortization expense by function:

<b>Governmental Activities</b>	<b>Beginning Balance 10/01/2007</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance 9/30/2008</b>
<b>Capital Assets, Not Being Depreciated:</b>				
Land	\$ 14,613	\$ 1,626	\$ -	\$ 16,239
Construction In Progress	18,895	4,739	-	23,634
Total Capital Assets, Not Being Depreciated	<u>33,508</u>	<u>6,365</u>	<u>-</u>	<u>39,873</u>
<b>Capital Assets, Being Amortized:</b>				
Parking Capacity	3,500	(204)	(236)	3,060
Total Capital Assets Being Amortized, Net	<u>3,500</u>	<u>(204)</u>	<u>(236)</u>	<u>3,060</u>
<b>Capital Assets, Being Depreciated:</b>				
Buildings				
Charter School	-	308	-	308
Other City	41,707	2,056	-	43,763
Improvements other than buildings				
Charter School	97	-	-	97
Other City	73,190	9,601	-	82,791
Equipment				
Charter School	390	-	-	390
Other City	30,907	3,283	(949)	33,241
Total Capital Assets Being Depreciated	<u>146,291</u>	<u>15,248</u>	<u>(949)</u>	<u>160,590</u>
Less Accumulated Depreciation For:				
Buildings				
Charter School	-	(5)	-	(5)
Other City	(12,822)	(1,740)	-	(14,562)
Improvements other than buildings				
Charter School	(26)	(11)	-	(37)
Other City	(15,957)	(1,780)	14	(17,723)
Equipment				
Charter School	(153)	(67)	-	(220)
Other City	(28,762)	(3,261)	1,059	(30,964)
Total Accumulated Depreciation	<u>(57,720)</u>	<u>(6,864)</u>	<u>1,073</u>	<u>(63,511)</u>
Total Capital Assets, Being Depreciated, Net	<u>88,571</u>	<u>8,384</u>	<u>124</u>	<u>97,079</u>
Governmental Activities Capital Assets, Net	<u>\$ 125,579</u>	<u>\$ 14,545</u>	<u>\$ (112)</u>	<u>\$ 140,012</u>

**CITY OF KISSIMMEE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS – Continued**  
September 30, 2008  
(In Thousands)

**Amortization Expense By Function**

**Governmental Activities:**

Economic Environment \$ 204

**Depreciation Expense By Function**

**Governmental Activities:**

General Government \$ 2,476

Public Safety 1,995

Transportation 1,652

Culture/Recreation 620

Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets 121

Total Governmental Activities Depreciation \$ 6,864

	<b>Beginning Balance 10/01/2007</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance 9/30/2008</b>
<b>Business-type Activities</b>				
<b><u>Solid Waste Fund</u></b>				
Capital Assets, Being Depreciated:				
Buildings	\$ 5	\$ -	\$ -	\$ 5
Improvements other than Buildings	3	-	-	3
Equipment	<u>2,426</u>	<u>201</u>	<u>(151)</u>	<u>2,476</u>
Total Capital Assets Being Depreciated	<u>2,434</u>	<u>201</u>	<u>(151)</u>	<u>2,484</u>
Less Accumulated Depreciation For:				
Improvements other than Buildings	(3)	-	-	(3)
Equipment	<u>(1,683)</u>	<u>(327)</u>	<u>151</u>	<u>(1,859)</u>
Total Accumulated Depreciation	<u>(1,686)</u>	<u>(327)</u>	<u>151</u>	<u>(1,862)</u>
Total Capital Assets, Being Depreciated, Net	<u>748</u>	<u>(126)</u>	<u>-</u>	<u>622</u>
Solid Waste Fund Capital Assets, Net	<u>\$ 748</u>	<u>\$ (126)</u>	<u>\$ -</u>	<u>\$ 622</u>
<b><u>Stormwater Fund</u></b>				
Capital Assets, Being Depreciated:				
Improvements other than Buildings	\$ 5,680	\$ 3,022	\$ -	\$ 8,702
Equipment	<u>324</u>	<u>45</u>	<u>-</u>	<u>369</u>
Total Capital Assets Being Depreciated	<u>6,004</u>	<u>3,067</u>	<u>-</u>	<u>9,071</u>
Less Accumulated Depreciation For:				
Improvements other than Buildings	(61)	(144)	-	(205)
Equipment	<u>(117)</u>	<u>(78)</u>	<u>-</u>	<u>(195)</u>
Total Accumulated Depreciation	<u>(178)</u>	<u>(222)</u>	<u>-</u>	<u>(400)</u>
Total Capital Assets, Being Depreciated, Net	<u>5,826</u>	<u>2,845</u>	<u>-</u>	<u>8,671</u>
Solid Waste Fund Capital Assets, Net	<u>\$ 5,826</u>	<u>\$ 2,845</u>	<u>\$ -</u>	<u>\$ 8,671</u>

**CITY OF KISSIMMEE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS – Continued**  
September 30, 2008  
(In Thousands)

	<b>Beginning Balance 10/01/2007</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance 9/30/2008</b>
<b><u>Airport Fund</u></b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 401	\$ -	\$ -	\$ 401
Construction In Progress	3,453	278	-	3,731
Total Capital Assets, Not Being Depreciated	<u>3,854</u>	<u>278</u>	<u>-</u>	<u>4,132</u>
Capital Assets, Being Depreciated:				
Buildings	1,225	112	-	1,337
Improvements other than Buildings	16,676	446	-	17,122
Equipment	226	31	(14)	243
Total Capital Assets Being Depreciated	<u>18,127</u>	<u>589</u>	<u>(14)</u>	<u>18,702</u>
Less Accumulated Depreciation For:				
Buildings	(302)	(38)	-	(340)
Improvements other than Buildings	(3,508)	(188)	-	(3,696)
Equipment	(364)	(30)	14	(380)
Total Accumulated Depreciation	<u>(4,174)</u>	<u>(256)</u>	<u>14</u>	<u>(4,416)</u>
Total Capital Assets, Being Depreciated, Net	<u>13,953</u>	<u>333</u>	<u>-</u>	<u>14,286</u>
Airport Fund Capital Assets, Net	<u>\$ 17,807</u>	<u>\$ 611</u>	<u>\$ -</u>	<u>\$ 18,418</u>
<b><u>Total Business-type Activities</u></b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 401	\$ -	\$ -	\$ 401
Construction In Progress	3,453	278	-	3,731
Total Capital Assets, Not Being Depreciated	<u>3,854</u>	<u>278</u>	<u>-</u>	<u>4,132</u>
Capital Assets, Being Depreciated:				
Buildings	1,230	112	-	1,342
Improvements other than Buildings	22,359	3,468	-	25,827
Equipment	2,976	277	(165)	3,088
Total Capital Assets Being Depreciated	<u>26,565</u>	<u>3,857</u>	<u>(165)</u>	<u>30,257</u>
Less Accumulated Depreciation For:				
Buildings	(302)	(38)	-	(340)
Improvements other than Buildings	(3,572)	(332)	-	(3,904)
Equipment	(2,164)	(435)	165	(2,434)
Total Accumulated Depreciation	<u>(6,038)</u>	<u>(805)</u>	<u>165</u>	<u>(6,678)</u>
Total Capital Assets, Being Depreciated, Net	<u>20,527</u>	<u>3,052</u>	<u>-</u>	<u>23,579</u>
Total Business-type Activities, Net	<u>\$ 24,381</u>	<u>\$ 3,330</u>	<u>\$ -</u>	<u>\$ 27,711</u>
<b>Depreciation Expense By Function</b>				
<b>Business-type Activities:</b>				
Solid Waste			\$ 327	
Stormwater			222	
Airport			<u>256</u>	
			<u>\$ 805</u>	

**CITY OF KISSIMMEE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS – Continued**  
September 30, 2008  
(In Thousands)

**B. Net Capital Assets**

The following is a summary of net capital assets as shown on the government-wide statement of net assets:

**Capital Assets - Net**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Land	\$ 16,239	\$ 401	\$ 16,640
Parking Capacity, net	3,060	-	3,060
Buildings	44,071	1,342	45,413
Improvements other than Buildings	82,888	25,827	108,715
Equipment	33,631	3,088	36,719
Construction in Progress	<u>23,634</u>	<u>3,731</u>	<u>27,365</u>
	203,523	34,389	237,912
Less: Accumulated Depreciation	<u>(63,511)</u>	<u>(6,678)</u>	<u>(70,189)</u>
Capital Assets, net	<u>\$ 140,012</u>	<u>\$ 27,711</u>	<u>\$ 167,723</u>

**C. Construction Commitments**

The following is a schedule of significant capital construction projects with remaining commitment amounts of greater than \$100 thousand as of September 30, 2008:

<b>Projects</b>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Martin Luther King Boulevard Improvements	\$ 2,429	\$ 5,483
Dakin Street Improvements	784	1,371
Other Road Improvement Projects	1,572	3,756
Fire Station 11	1,317	4,481
Police Department Projects	22	376
Parks & Recreation Maintenance Facility	1,018	402
Shingle Creek Park	-	100
Airport Projects	<u>194</u>	<u>5,207</u>
<b>Total</b>	<u>\$ 7,336</u>	<u>\$ 21,176</u>

**NOTE 6 – INCOME FROM LEASED PROPERTY**

The City is lessor on various leases at the Airport. Assets available for lease consist primarily of land, land improvements and buildings. As of September 30, 2008, the total book value of assets in these categories is \$1,738 with accumulated depreciation of \$340. The following is a schedule of minimum future lease income on noncancelable operating leases:

<u>Year</u>	<u>Amount</u>
2009	\$ 483
2010	477
2011	469
2012	464
2013	454
After 2013	<u>6,279</u>
Total minimum lease income	<u>\$ 8,626</u>

Total income on noncancelable operating leases for the year ended September 30, 2008 was \$582.

**CITY OF KISSIMMEE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS – Continued**  
September 30, 2008  
(In Thousands)

**NOTE 7 – LONG-TERM DEBT**

**A. Schedule of Changes in Long-Term Debt**

The City's outstanding long-term debt includes revenue bonds payable, notes payable, capital leases payable, claims payable, and compensated absences. The following is a schedule of changes in the City's long-term debt for the fiscal year ended September 30, 2008:

	<b>Balance</b>			<b>Balance</b>	<b>Due Within</b>	<b>Long-Term</b>
	<b>10/01/07</b>	<b>Additions</b>	<b>Reductions</b>	<b>9/30/08</b>	<b>One Year</b>	<b>Portion</b>
<b>Governmental Activities:</b>						
Revenue Notes Payable	\$ 36,009	\$ 316	\$ (2,096)	\$ 34,229	\$ 2,131	\$ 32,098
Revenue Bonds Payable	440	-	(23)	417	24	393
Capital Lease Payable	689	131	(197)	623	217	406
Claims Payable	2,104	698	-	2,802	1,401	1,401
Compensated Absences	1,735	2,298	(2,040)	1,993	628	1,365
Governmental Activity						
Long-term Liabilities	<u>\$ 40,977</u>	<u>\$ 3,443</u>	<u>\$ (4,356)</u>	<u>\$ 40,064</u>	<u>\$ 4,401</u>	<u>\$ 35,663</u>
<b>Business-type Activities:</b>						
Compensated Absences	<u>\$ 173</u>	<u>\$ 34</u>	<u>\$ (45)</u>	<u>\$ 162</u>	<u>\$ 49</u>	<u>\$ 113</u>
Business-type Activity						
Long-term Liabilities	<u>\$ 173</u>	<u>\$ 34</u>	<u>\$ (45)</u>	<u>\$ 162</u>	<u>\$ 49</u>	<u>\$ 113</u>

Compensated absences of governmental activities will be liquidated in future periods primarily by the General Fund.

**B. Debt Service Requirements**

The following are the debt service requirements to maturity on the City's outstanding revenue bonds and notes payable.

<b>Governmental Activities:</b>	<b>Fiscal Year</b>	<b>Revenue Notes</b>		<b>Revenue Bonds</b>		<b>Total</b>
		<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	
	2009	\$ 2,131	\$ 1,233	\$ 24	\$ 21	\$ 3,409
	2010	8,383	978	25	20	9,406
	2011	1,205	718	26	18	1,967
	2012	940	669	27	17	1,653
	2013	975	626	29	16	1,646
	2014-2018	5,505	2,514	168	56	8,243
	2019-2023	12,318	1,326	118	14	13,776
	2024-2027	2,772	211	-	-	2,983
<b>Total</b>		<u>\$ 34,229</u>	<u>\$ 8,275</u>	<u>\$ 417</u>	<u>\$ 162</u>	<u>\$ 43,083</u>

**CITY OF KISSIMMEE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS – Continued**  
September 30, 2008  
(In Thousands)

**C. Bonds and Notes Payable**

The City has revenue bonds and notes outstanding at September 30, 2008. The revenue notes and bonds under governmental activities are secured by several pledged revenue sources. The following is a summary schedule of these long term obligations of the City and their impact on those present and future pledged revenue sources:

<u>Governmental Activities:</u>	<u>Revenue Pledged</u>	<u>Amount Issued</u>	<u>Principal Outstanding</u>	<u>Total Pledged Revenue (1)</u>	<u>Future Pledged Revenue Over Debt Service Required (2)</u>	<u>Current Year Debt Srvc Paid</u>	<u>Current Year Total Revenue</u>
<b>Revenue Notes:</b>							
2000A Revenue Note	School Board	\$ 9,400	\$ 7,433	\$ 7,950	136.3%	\$ 658	\$ 5,416
	State grant						
Maturity: 2010, Interest Rate: 4.62%							
Purpose: Refinance Charter School loan							
2001 Revenue Note	Sales tax	4,900	1,583	1,733	471.1%	1,144	4,082
Maturity: 2010, Interest Rate: 4.68%							
Purpose: Construction of City Hall							
2006 Revenue Note	Local option gas tax	9,000	8,475	12,091	361.8%	662	2,430
Maturity: 2026, Interest Rate: 3.85%							
Purpose: Road improvements							
2004 CRA Redevelopment Trust Loan		5,613	5,613	n/a	n/a	154	n/a
Maturity: 2012, Interest Rate: 2.06%							
Purpose: CRA redevelopment plan							
2001A Revenue Note	Infrastructure surtax	4,100	1,125	1,234	1036.3%	535	3,197
Maturity: 2012, Interest Rate: 3.70%							
Purpose: Acquisition of Lancaster Ranch							
2005 Revenue Note	Infrastructure surtax	10,000	<u>10,000</u>	13,883	264.1%	409	2,444
Maturity: 2023, Interest Rate: 4.03%							
Purpose: Construction of fire station							
	Total Revenue Notes		<u>34,229</u>				
<b>Revenue Bonds:</b>							
Excise Tax Revenue Bonds, Series 1980	Infrastructure surtax	265	130	172	555.9%	16	96
Maturity: 2018, Interest Rate: 3.50 - 5.45%							
Purpose: Refunding							
Excise Tax Revenue Bonds, Series 1982	Infrastructure surtax	500	<u>287</u>	406	469.5%	29	173
Maturity: 2019, Interest Rate: 5.00%							
Purpose: Refunding							
	Total Revenue Bonds		<u>417</u>				
Total Revenue Notes and Bonds - Governmental Activities			<u>\$ 34,646</u>				

(1) Total pledged revenue is the total outstanding principal and interest.

(2) Future pledged revenue over debt service required is calculated using the current year total revenues for the remaining years of debt service.

(3) Total pledged infrastructure surtax for each outstanding debt issue is calculated based on its proportionate share of total annual debt service paid.

**CITY OF KISSIMMEE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS – Continued**  
September 30, 2008  
(In Thousands)

**D. Debt Defeasance and Advance Refunding**

The City advance refunds and/or defeases long-term debt primarily to reduce debt service requirements. Since U.S government securities are held in escrow for the payment of principal and interest on these bonds, they are not liabilities to the City and are not included in the City's financial statements. As of September 30, 2008, the City has the following outstanding bonds, notes, or other obligations issued by the City, which were funded in previous years by the placement of assets in an irrevocable trust to be used for satisfying debt service requirements:

Bond Issue	Outstanding at 10/1/07	Additions/ Reductions	Outstanding at 09/30/08
1977	\$ 1,395	\$ (1,395)	\$ -
1984	6,565	(475)	6,090
1986	7,455	(615)	6,840
1990	7,735	(345)	7,390
1993	2,965	(530)	2,435
1999	28,045	(3,575)	24,470
	\$ 54,160	\$ (6,935)	\$ 47,225

**E. Capital Leases**

The City has capital leases outstanding at year-end. The gross value of the equipment acquired with capital lease proceeds is \$1,113. The following is a summary schedule of these capital lease obligations and their net present value.

Year Ending September 30	Governmental Activities
2009	\$ 230
2010	230
2011	77
2012	77
2013	64
Total minimum lease payments	678
Less: amount representing interest	(55)
Present value of minimum lease payments	\$ 623

**NOTE 8 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended September 30, 2008, expenditures in the Assistance to Firefighters Grant, Utility Tax Fund, Paving Assessments, 2005 Revenue Note, 2006 Revenue Note, 2001 Revenue Note, and Community Redevelopment Project funds exceeded appropriations. These excesses of expenditures were funded by prior year unrestricted fund balances available in the current fiscal period for all funds except the 2006 Revenue Note and Community Redevelopment Project, which will be funded by proceeds in the subsequent fiscal period.

**NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS**

The City administers three public employee retirement systems for all full-time employees. The employees of the Tohopekalliga Water Authority also participate in the general employees' retirement plan. Actuarial studies were conducted on all three plans as of October 1, 2007. The City does not produce separately available financial reports for these pension plans. All required disclosures and financial data are contained in the City's Comprehensive Annual Financial Report.

**A. Description of Plans**

The City administers the general employees', municipal police officers', and municipal firefighters' retirement plans. All three plans are single employer defined benefit plans established by ordinance pursuant to Florida Statutes. These plans provide retirement, disability, and death benefits to plan members and their beneficiaries. All three plans may be amended by ordinances adopted by the City Commission for benefits, funding policies, contribution requirements, and other plan administration changes. However, the City must adhere to the restrictions and limitations set forth in Florida Statutes for the police officers' and firefighters' pension plans.

**B. Summary of Significant Accounting Policies**

Basis of Accounting – The pension trust fund financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contribution (i.e. the annual budget process). Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Costs of administering the plans are charged to the pension trust fund and factored into the City's contribution rate. Total net assets in all three pension trust funds are held in trust for plan benefits. The three pension plans do not issue separate financial statements; however, more information on each individual plan can be found in this section.

Method Used to Value Investments – Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value. There were no investments in any one organization that represent 5 percent or more of plan net assets in any of the pension trust funds.

**C. Contribution Information**

Membership of each plan consisted of the following at October 1, 2007, the date of the latest actuarial valuations:

	Pension Plans		
	General Employees'	Police Officers'	Firefighters'
Active members	492	126	84
Terminated vested members	125	53	34
DROP participants	12	5	4
Service retirees and beneficiaries	116	12	3
Total	745	196	125

**CITY OF KISSIMMEE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS – Continued**  
September 30, 2008  
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For the fiscal year ended September 30, 2008, the following plan member and employer (including amount to be received from the State) contribution rates were actuarially determined:

	Pension Plans		
	General Employees'	Police Officers'	Firefighters'
Required Employer Contribution ( <i>includes estimate for state excise tax proceeds</i> )	11.80%	29.50%	28.56%
Required Plan Member Contribution	3.69% Tier 1 7.04% Tier 2	3.70%	1.00%
Actuarial Cost Method	Aggregate	Aggregate	Entry Age Normal
Amortization Method	N/A	N/A	Level % of pay, closed
Remaining Amortization Period	N/A	N/A	30 Years
Asset Valuation Method	5 yr smooth mkt	4 yr smooth mkt	5 yr smooth mkt
Actuarial Assumptions:			
Investment rate of return	8.25%	8.00%	8.25%
Projected salary increases	Service-Based Rule	7.00%	6.00%
Post retirement benefit increases	3.00%	3.50%	3.50%
Includes inflation and other increases	3.00%	3.50%	3.50%
Cost-of-living adjustments	None	1% per year age 55 to 65	None

For the General Employees' and Police Officers' pension plans, the aggregate actuarial cost method is used. This method does not identify or separately amortize unfunded actuarial accrued liability.

The following schedules show the annual pension cost (APC) and actual contributions made.

<u>Plan/Fiscal Year Ended</u>	<u>APC</u>	<u>Actual</u>	<u>% of APC</u>
General Employees'			
09/30/06	\$ 2,504	\$ 2,504	100%
09/30/07	2,714	2,714	100%
09/30/08	2,549	2,549	100%
Police Officers'			
09/30/06	\$ 1,460	\$ 1,458	100%
09/30/07	1,878	1,875	100%
09/30/08	1,438	1,438	100%
Firefighters'			
09/30/06	\$ 1,256	\$ 1,252	100%
09/30/07	1,495	1,495	100%
09/30/08	1,207	1,207	100%

The City paid in 100% of their required amount in the current year and prior two years for all three plans.

**CITY OF KISSIMMEE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS – Continued**  
September 30, 2008  
(In Thousands)

**D. Combining Statements of the Pension Trust Funds**

<b>CITY OF KISSIMMEE, FLORIDA</b>				
<u>COMBINING STATEMENT OF FIDUCIARY NET ASSETS</u>				
<u>PENSION TRUST FUNDS</u>				
September 30, 2008				
(In Thousands)				
	<b>General</b>			
	<b>Employees'</b>	<b>Police Officers'</b>	<b>Firefighters'</b>	
	<b>Pension</b>	<b>Pension</b>	<b>Pension</b>	<b>Totals</b>
<b>ASSETS</b>				
Pension Cash and Short Term Investments	\$ 4,442	\$ 2,573	\$ 529	\$ 7,544
Interest Receivable	222	84	47	353
Investments, at Fair Value				
U.S. Government Obligations	2,636	443	605	3,684
U.S. Instrumentalities	9,236	6,072	3,644	18,952
Corporate Bonds	3,424	3,536	1,655	8,615
Corporate Stocks	22,274	11,979	6,559	40,812
Mutual Funds	<u>7,669</u>	<u>-</u>	<u>6,165</u>	<u>13,834</u>
Total Investments	<u>45,239</u>	<u>22,030</u>	<u>18,628</u>	<u>85,897</u>
<b>Total Assets</b>	<u>49,903</u>	<u>24,687</u>	<u>19,204</u>	<u>93,794</u>
<b>LIABILITIES</b>				
Accounts Payable	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
<b>Net Assets Held in Trust</b>				
<b>for Pension Benefits</b>	<u>\$ 49,903</u>	<u>\$ 24,687</u>	<u>\$ 19,203</u>	<u>\$ 93,793</u>

<b>CITY OF KISSIMMEE, FLORIDA</b>				
<u>COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS</u>				
<u>PENSION TRUST FUNDS</u>				
For The Year Ended September 30, 2008				
(In Thousands)				
	<b>General</b>			
	<b>Employees'</b>	<b>Police Officers'</b>	<b>Firefighters'</b>	
	<b>Pension</b>	<b>Pension</b>	<b>Pension</b>	<b>Totals</b>
<b>ADDITIONS</b>				
Employer Contributions:	\$ 3,023	\$ 2,142	\$ 1,706	\$ 6,871
Employee Contributions	<u>975</u>	<u>263</u>	<u>57</u>	<u>1,295</u>
<b>Total Contributions</b>	<u>3,998</u>	<u>2,405</u>	<u>1,763</u>	<u>8,166</u>
Investment Income (Loss)	<u>(6,446)</u>	<u>(10,090)</u>	<u>(4,487)</u>	<u>(21,023)</u>
<b>Total Additions/(Loss)</b>	<u>(2,448)</u>	<u>(7,685)</u>	<u>(2,724)</u>	<u>(12,857)</u>
<b>DEDUCTIONS</b>				
Benefits	2,325	1,602	1,316	5,243
Administrative Expense	<u>260</u>	<u>189</u>	<u>117</u>	<u>566</u>
<b>Total Deductions</b>	<u>2,585</u>	<u>1,791</u>	<u>1,433</u>	<u>5,809</u>
<b>Change in Net Assets</b>	(5,033)	(9,476)	(4,157)	(18,666)
<b>Net Assets - Beginning of Year</b>	<u>54,936</u>	<u>34,163</u>	<u>23,360</u>	<u>112,459</u>
<b>Net Assets - End of Year</b>	<u>\$ 49,903</u>	<u>\$ 24,687</u>	<u>\$ 19,203</u>	<u>\$ 93,793</u>

**NOTE 10 – POST-EMPLOYMENT BENEFITS**

Post-employment health care benefits are made available to the City’s terminated employees in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). Under COBRA, the City is required to offer an election to deceased or terminated participants, their spouses or dependents to coverage in the health plan provided by the City. The cost of coverage, which the City may charge the participant, may not exceed 102% of the applicable premium. The City plans to implement GASB Statement No. 45 “Accounting and Financial Reporting by Employers for Post Employment Benefits other than Pensions” during the fiscal year ending September 30, 2009. The City will engage an actuary to provide preliminary estimates of the potential liability the City will be required to record.

**NOTE 11 – RISK MANAGEMENT**

The City has a risk management program accounted for in an internal service fund. The fund is used to account for the costs of workers’ compensation, automobile and general property and casualty programs. Other City funds are charged by this fund for policy premiums and claims for which the City is self-insured. The City maintains cash reserves in excess of \$1 million and carries excess coverage for claims between \$100 thousand and \$5 million on all coverage except criminal liability. Criminal liability excess coverage is carried for claims between \$50 thousand and \$250 thousand. During 2008, there were no reductions in insurance coverage, and over the past three years there were no settlements that exceeded insurance coverage. As of the fiscal year ended September 30, 2008, the total outstanding unpaid claims were \$2,802 which includes an estimate for incurred but not reported claims. Insurance premiums paid out of this fund totaled \$3,104 for the fiscal year ended September 30, 2008. The change in the claims liability for the past two years is as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Current Year Claim Payments or Other Adjustments	Balance at End of Fiscal Year
2007-2008	\$ 2,104	\$ 3,802	\$ (3,104)	\$ 2,802
2006-2007	2,104	2,413	(2,413)	2,104

**NOTE 12 – NET ASSETS, INVESTED IN CAPITAL ASSETS NET OF RELATED DEBT CALCULATION**

The elements of this calculation are as follows:

	Governmental Activities	Business-Type Activities	Total
Capital Assets (Net)	\$ 140,012	\$ 27,711	\$ 167,723
Debt Related to Capital Assets	(35,269)	-	(35,269)
Unspent Proceeds of Capital-Related Debt	5,872	-	5,872
	<u>\$ 110,615</u>	<u>\$ 27,711</u>	<u>\$ 138,326</u>

**NOTE 13 – FUND DEFICITS**

The following funds have a deficit fund balance at September 30, 2008:

<u>Fund Name</u>	<u>Deficit Amounts</u>
Community Redevelopment Agency	\$ 1,471
Nonmajor Funds:	
Special Revenue Funds:	
Community Development Block Grant	40
Disaster Recovery Initiation Grant	178
Hurricane Housing Recovery Program	4
Debt Service Funds:	
2006 Revenue Note	31
2001A Revenue Note	1
Capital Project Fund:	
Community Redevelopment Project	690

The deficit in the Community Redevelopment Agency (CRA) will be reversed in future years with tax incremental revenue deposits. Deficits in the grant funds represent amounts spent on grant programs that will ultimately be reimbursed from federal and state grantor agencies, or transfers from City funds for City match requirements in the subsequent period. Deficits in the debt service funds will be eliminated by transfers from City funds for debt service requirements. The deficit in the Community Redevelopment Project fund will be eliminated by line of credit draw requests made subsequent to year-end.

**NOTE 14 – COMMITMENTS, RELATED PARTIES, AND CONTINGENCIES**

*Charter School* - The City entered into an interlocal agreement with the Osceola County School Board to operate a charter elementary school within the City. The City issued tax-exempt bonds and built the school facilities, which are properly reflected within the City's financial statements. The City entered into a contract with a management company to run the day-to-day operation of the school. The management company is required to report to the City Commission all activities and results of operations on a monthly and an annual basis. The City pays the management company based upon an approved operating budget. The City records revenue received from the Osceola County School Board, makes debt service payments on the bonds, and pays the management company. The charter school is not a separate legal entity and is reflected in the City's financial statements as part of the City's governmental funds.

*Kissimmee Utility Authority* – The Kissimmee Utility Authority (KUA) provides a payment to the City's General Fund annually. The minimum payment is a charter requirement of KUA. For the fiscal year ended September 30, 2008, the payment made by KUA to the City was \$9.3 million. KUA's total operating revenues for the fiscal year ended September 30, 2008 were \$209 million. KUA also provides customer billing services to the City's Solid Waste and Stormwater Utility Funds.

*Tohopekaliga Water Authority* – The Tohopekaliga Water Authority (TWA) was created effective October 1, 2003. The TWA was created pursuant to a state legislative act. The City and Osceola County agreed to transfer all assets, liabilities and operations of their water and sewer systems to the TWA. The TWA issued in excess of \$100 million in reserve bonds to pay off the City's utility revenue bonds, other outstanding obligations, and to provide for new construction and system expansion. TWA provides a payment to the City's General Fund annually. The annual amount for 2008 was \$4.2 million and all future annual amounts will be calculated based on the gross annual revenues of the system for an additional twenty years.

**CITY OF KISSIMMEE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS – Continued**  
September 30, 2008  
**(In Thousands)**

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*Intergovernmental Grants* - Amounts received or receivable from grantors are subject to audit and adjustment by grantor agencies, principally federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts to be immaterial.

*Litigation* - Various suits and claims arising in the ordinary course of operations are pending against the City. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of legal counsel, the City has sufficient insurance coverage to cover any claims and/or the liabilities that may arise from such action. The effect of such losses would not materially affect the financial position of the City or the results of its operations.

**NOTE 15 – SUBSEQUENT EVENTS**

**Debt Issuance**

On December 18, 2008, the City issued the Improvement Refunding Revenue Note, Series 2008 in the amount of \$7,700 to finance the costs of refunding the City's outstanding Improvement Revenue Note, Series 2000A (Charter School Line of Credit), dated January 27, 2000. The Series 2008 Note has a variable interest rate and maturity date of October 2024.

On February 13, 2009, the City issued the Capital Improvement Revenue Note, Series 2009A in the amount of \$9,500 to finance the costs of lakefront improvements secured by pledged sales tax revenues. The Series 2009A Note has a variable interest rate and maturity date of October 2025.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

### Budgetary Comparison Schedules (GAAP BASIS):

- General Fund
- Major Special Revenue Funds:
  - Community Redevelopment Agency
  - Local Option Sales Tax

### City Retirement Plans Schedules:

- Schedules of Funding Progress
- Schedules of Employer Contributions

**CITY OF KISSIMMEE, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
For the Year Ended September 30, 2008  
**(In Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES AND OTHER SOURCES</b>				
<b>Taxes:</b>				
Ad valorem	\$ 13,750	\$ 13,750	\$ 13,982	\$ 232
Local business taxes	221	221	203	(18)
	<u>13,971</u>	<u>13,971</u>	<u>14,185</u>	<u>214</u>
<b>Permits and Fees:</b>				
Franchise fees	93	93	115	22
Other licenses and permits	5	5	4	(1)
	<u>98</u>	<u>98</u>	<u>119</u>	<u>21</u>
<b>Intergovernmental Revenues:</b>				
Federal grants	-	-	351	351
State grants	-	28	96	68
Local grants	500	500	323	(177)
State revenue sharing	2,024	2,024	1,708	(316)
Half cent sales tax	4,643	4,643	4,082	(561)
Shared taxes and licenses	146	146	151	5
County shared revenue	39	38	34	(4)
Kissimmee Utility Authority	10,023	10,024	9,300	(724)
Tohopekalgiga Water Authority	4,241	4,241	4,215	(26)
	<u>21,616</u>	<u>21,644</u>	<u>20,260</u>	<u>(1,384)</u>
<b>Charges for Services:</b>				
General government charges	344	344	289	(55)
Public safety charges	5,825	5,825	2,820	(3,005)
Physical environment charges	42	42	81	39
Transportation charges	515	515	681	166
Culture/recreation charges	1,114	1,115	721	(394)
	<u>7,840</u>	<u>7,841</u>	<u>4,592</u>	<u>(3,249)</u>
<b>Fines and Forfeitures:</b>				
Court fines and costs	460	503	653	150
<b>Miscellaneous Revenue:</b>				
Investment income	402	405	4,639	4,234
Rents	68	68	49	(19)
Other revenue	155	129	371	242
Sales of cemetery lots	125	125	132	7
	<u>750</u>	<u>727</u>	<u>5,191</u>	<u>4,464</u>

Continued

**CITY OF KISSIMMEE, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE - CONTINUED**  
**GENERAL FUND**  
For the Year Ended September 30, 2008  
**(In Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES AND OTHER SOURCES - Continued</b>				
<b>Transfers In:</b>				
Utility Tax Fund	\$ 6,400	\$ 6,400	\$ 6,521	\$ 121
Stormwater Utility Fund	177	177	163	(14)
Charter School	650	650	658	8
Airport	-	-	2	2
Local Law Enforcement Block Grant	-	3	41	38
Community Redevelopment Agency	-	50	50	-
Firefighter Assistance Grant	-	-	20	20
Transportation Impact Fee	69	69	26	(43)
Fire Assessment Fees	-	-	1,530	1,530
	<u>7,296</u>	<u>7,349</u>	<u>9,011</u>	<u>1,662</u>
<b>Other Sources:</b>				
Issuance of Capital Lease	<u>728</u>	<u>728</u>	<u>-</u>	<u>(728)</u>
<b>Total Revenues and Other Sources</b>	<u>52,759</u>	<u>52,861</u>	<u>54,011</u>	<u>1,150</u>
<b>EXPENDITURES AND OTHER USES</b>				
<b>General Government:</b>				
City Commission:				
Personal Services	124	150	143	(7)
Operating	<u>500</u>	<u>477</u>	<u>403</u>	<u>(74)</u>
	<u>624</u>	<u>627</u>	<u>546</u>	<u>(81)</u>
City Manager:				
Personal Services	741	741	684	(57)
Operating	289	300	158	(142)
Capital Outlay	<u>33</u>	<u>103</u>	<u>52</u>	<u>(51)</u>
	<u>1,063</u>	<u>1,144</u>	<u>894</u>	<u>(250)</u>
Development Services:				
Personal Services	1,325	1,325	1,311	(14)
Operating	424	1,306	361	(945)
Capital Outlay	<u>4</u>	<u>20</u>	<u>9</u>	<u>(11)</u>
	<u>1,753</u>	<u>2,651</u>	<u>1,681</u>	<u>(970)</u>
Legal:				
Personal Services	247	247	233	(14)
Operating	216	236	148	(88)
Capital Outlay	<u>-</u>	<u>3</u>	<u>1</u>	<u>(2)</u>
	<u>463</u>	<u>486</u>	<u>382</u>	<u>(104)</u>

Continued

**CITY OF KISSIMMEE, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE - CONTINUED**  
**GENERAL FUND**  
For the Year Ended September 30, 2008  
**(In Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES AND OTHER USES - Continued</b>				
<b>General Government:</b>				
Finance:				
Personal Services	\$ 529	\$ 546	\$ 518	\$ (28)
Operating	166	195	161	(34)
Capital Outlay	3	32	4	(28)
	<u>698</u>	<u>773</u>	<u>683</u>	<u>(90)</u>
Personnel:				
Personal Services	359	392	371	(21)
Operating	135	153	125	(28)
Capital Outlay	2	2	2	-
	<u>496</u>	<u>547</u>	<u>498</u>	<u>(49)</u>
Central Service Charges:				
Operating	4,216	4,216	4,206	(10)
	<u>4,216</u>	<u>4,216</u>	<u>4,206</u>	<u>(10)</u>
Total General Government	<u>9,313</u>	<u>10,444</u>	<u>8,890</u>	<u>(1,554)</u>
<b>Public Safety:</b>				
Police:				
Personal Services	15,020	15,020	14,334	(686)
Operating	2,498	2,771	2,577	(194)
Capital Outlay	1,298	1,457	1,398	(59)
	<u>18,816</u>	<u>19,248</u>	<u>18,309</u>	<u>(939)</u>
Fire:				
Personal Services	9,463	9,463	9,299	(164)
Operating	1,334	1,517	1,457	(60)
Capital Outlay	461	711	446	(265)
	<u>11,258</u>	<u>11,691</u>	<u>11,202</u>	<u>(489)</u>
Total Public Safety	<u>30,074</u>	<u>30,939</u>	<u>29,511</u>	<u>(1,428)</u>
<b>Transportation:</b>				
Public Works:				
Personal Services	2,604	2,604	2,378	(226)
Operating	1,451	1,471	1,432	(39)
Capital Outlay	133	331	151	(180)
	<u>4,188</u>	<u>4,406</u>	<u>3,961</u>	<u>(445)</u>
Total Transportation	<u>4,188</u>	<u>4,406</u>	<u>3,961</u>	<u>(445)</u>

*Continued*

**CITY OF KISSIMMEE, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE - CONTINUED**  
**GENERAL FUND**  
For the Year Ended September 30, 2008  
**(In Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES AND OTHER USES - Continued</b>				
<b>Culture/Recreation</b>				
Recreation:				
Personal Services	\$ 3,341	\$ 3,336	\$ 3,205	\$ (131)
Operating	2,230	2,354	1,882	(472)
Capital Outlay	292	575	386	(189)
Total Culture / Recreation	<u>5,863</u>	<u>6,265</u>	<u>5,473</u>	<u>(792)</u>
<b>Non-Departmental</b>				
Bad Debt	350	350	603	253
Debt Service Principal	-	450	136	(314)
Debt Service Interest and Costs	-	27	27	-
Total Non-Departmental	<u>350</u>	<u>827</u>	<u>766</u>	<u>(61)</u>
<b>Transfers Out:</b>				
Transfers to other funds	-	1,599	1,811	212
Total Transfers Out	<u>-</u>	<u>1,599</u>	<u>1,811</u>	<u>212</u>
<b>Total Expenditures and Other Uses</b>	<u>49,788</u>	<u>54,480</u>	<u>50,412</u>	<u>(4,068)</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>				
Fund Balance - Beginning of Year	12,398	12,398	10,185	(2,213)
<b>Fund Balance - End of Year</b>	<u>\$ 15,369</u>	<u>\$ 10,779</u>	<u>\$ 13,784</u>	<u>\$ 3,005</u>

**Notes to Schedule**

Budgets for the General Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). There is no difference between GAAP and the budgetary basis of accounting.

**CITY OF KISSIMMEE, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**COMMUNITY REDEVELOPMENT AGENCY**  
For the Year Ended September 30, 2008  
**(In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,446	\$ 1,446	\$ 1,423	\$ (23)
Intergovernmental Revenues	-	48	36	(12)
Investment Income	28	28	870	842
Miscellaneous Revenues	<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>
<b>Total Revenues</b>	<u>1,475</u>	<u>1,523</u>	<u>2,330</u>	<u>807</u>
<b>EXPENDITURES</b>				
General Government				
Operating	1,234	1,259	897	(362)
Capital Outlay	<u>103</u>	<u>1,403</u>	<u>905</u>	<u>(498)</u>
<b>Total Expenditures</b>	<u>1,337</u>	<u>2,662</u>	<u>1,802</u>	<u>(860)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>138</u>	<u>(1,139)</u>	<u>528</u>	<u>1,667</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>				
Transfers In	-	152	247	95
Transfers (Out)	<u>(150)</u>	<u>(150)</u>	<u>(150)</u>	<u>-</u>
<b>Total Other Financing Sources and (Uses)</b>	<u>(150)</u>	<u>2</u>	<u>97</u>	<u>95</u>
<b>Net Change in Fund Balance</b>	(12)	(1,137)	625	1,762
<b>Fund Balance (Deficit) - Beginning</b>	<u>12</u>	<u>1,137</u>	<u>(2,096)</u>	<u>(3,233)</u>
<b>Fund Balance (Deficit) - Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,471)</u>	<u>\$ (1,471)</u>

**Notes to Schedule**

The budget for the Community Redevelopment Agency is adopted on a basis consistent with generally accepted accounting principles (GAAP). There is no difference between GAAP and the budgetary basis of accounting.

**CITY OF KISSIMMEE, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**LOCAL OPTION SALES TAX FUND**  
For the Year Ended September 30, 2008  
**(In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 6,480	\$ 6,480	\$ 5,910	\$ (570)
Intergovernmental Revenues	-	-	316	316
Investment Income	150	150	3,040	2,890
<b>Total Revenues</b>	6,630	6,630	9,266	2,636
<b>EXPENDITURES</b>				
General Government				
Operating	-	-	300	300
Capital Outlay	1,736	3,040	714	(2,326)
Public Safety				
Capital Outlay	282	1,191	734	(457)
Physical Environment				
Capital Outlay	-	10	10	-
Transportation				
Capital Outlay	3,815	5,645	1,237	(4,408)
Culture/Recreation				
Capital Outlay	697	3,269	1,885	(1,384)
<b>Total Expenditures</b>	6,530	13,155	4,880	(8,275)
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	100	(6,525)	4,386	10,911
<b>OTHER FINANCING SOURCES and (USES)</b>				
Transfers In	100	193	193	-
Transfers (Out)	-	(2,066)	(2,159)	(93)
Issuance of Note Payable	1,500	1,500	-	(1,500)
<b>Total Other Financing Sources and (Uses)</b>	1,600	(373)	(1,966)	(1,593)
<b>Net Change in Fund Balance</b>	1,700	(6,898)	2,420	9,318
<b>Fund Balance - Beginning</b>	(1,700)	6,898	3,347	(3,551)
<b>Fund Balance - Ending</b>	\$ -	\$ -	\$ 5,767	\$ 5,767

**Notes to Schedule**

The budget for the Local Option Sales Tax Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). There is no difference between GAAP and the budgetary basis of accounting.

**CITY OF KISSIMMEE, FLORIDA**  
**EMPLOYEE RETIREMENT PLANS**  
**SCHEDULES OF FUNDING PROGRESS**  
(in thousands)

General Employees' Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -		Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL As % of Covered Payroll (b-a)/(c)
		Entry Age (b) (1)	Unfunded AAL (UAAL) (b) - (a)			
10/01/02	\$ 31,973	\$ 38,103	\$ 6,130	83.9%	\$ 14,477	42.3%
10/01/03	34,338	43,126	8,788	79.6%	16,115	54.5%
10/01/04	37,797	45,594	7,797	82.9%	16,750	46.5%
10/01/05	41,572	50,106	8,534	83.0%	18,046	47.3%
10/01/06	46,603	55,649	9,046	83.7%	19,295	46.9%
10/01/07	57,125	64,742	7,617	88.2%	20,777	36.7%

Police Officers' Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -		Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL As % of Covered Payroll (b-a)/(c)
		Entry Age (b) (1)	Unfunded AAL (UAAL) (b) - (a)			
10/01/02	\$ 22,663	\$ 23,593	\$ 930	96.1%	\$ 5,103	18.2%
10/01/03	23,678	25,840	2,162	91.6%	5,624	38.4%
10/01/04	24,261	28,097	3,836	86.3%	5,721	67.1%
10/01/05	26,271	30,703	4,432	85.6%	5,947	74.5%
10/01/06	29,992	34,828	4,836	86.1%	6,325	76.5%
10/01/07	33,725	39,272	5,547	85.9%	6,740	82.3%

Firefighters' Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -		Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL As % of Covered Payroll (b-a)/(c)
		Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)			
10/01/02	\$ 15,048	\$ 18,844	\$ 3,796	79.9%	\$ 3,508	108.2%
10/01/03	15,779	20,097	4,318	78.5%	3,684	117.2%
10/01/04	15,879	21,001	5,122	75.6%	3,790	135.1%
10/01/05	16,896	24,294	7,398	69.5%	4,131	179.1%
10/01/06	18,415	26,776	8,361	68.8%	4,975	168.1%
10/01/07	21,139	29,078	7,939	72.7%	5,349	148.4%

(1) The aggregate actuarial cost method does not identify or separately amortize unfunded actuarial accrued liabilities. Information about funded status and funding progress is presented using the entry age actuarial cost method for that purpose and information presented is intended to serve as a surrogate for the funding progress of the plan.

**CITY OF KISSIMMEE, FLORIDA**  
**EMPLOYEE RETIREMENT PLANS**  
**SCHEDULES OF EMPLOYER CONTRIBUTIONS**  
(in thousands)

General Employees' Retirement Plan

Year Ended September 30	Annual Required Contribution	Percentage Contributed
2003	\$ 1,828	100.00%
2004	2,297	100.00%
2005	2,266	100.00%
2006	2,504	100.00%
2007	2,714	100.00%
2008	1,777	100.00%

Police Officers' Retirement Plan

Year Ended September 30	Annual Required Contribution	Percentage Contributed
2003	\$ 899	100.00%
2004	1,189	100.00%
2005	1,346	100.00%
2006	1,458	100.00%
2007	1,878	100.00%
2008	1,438	100.00%

Firefighters' Retirement Plan

Year Ended September 30	Annual Required Contribution	Percentage Contributed
2003	\$ 885	100.00%
2004	963	100.00%
2005	992	100.00%
2006	1,252	100.00%
2007	1,495	100.00%
2008	1,207	100.00%

## **OTHER SUPPLEMENTAL INFORMATION**

Budgetary Comparison Schedules (GAAP BASIS):

Major Capital Project Fund:  
2005 Construction Note Capital Project

Non-Major Governmental Funds:  
Combining Financial Statements for All Non-major  
Governmental Funds and Individual Budgetary  
Comparison Schedules (GAAP BASIS) for All  
Budgeted Nonmajor Governmental Funds

**CITY OF KISSIMMEE, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**2005 CONSTRUCTION NOTE CAPITAL PROJECT FUND**  
For the Year Ended September 30, 2008  
**(In Thousands)**

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
<b>REVENUES</b>			
Investment Income	\$ -	\$ 1,261	\$ 1,261
<b>Total Revenues</b>	<u>-</u>	<u>1,261</u>	<u>1,261</u>
<b>EXPENDITURES</b>			
Public Safety			
Capital Outlay	5,799	293	(5,506)
Transportation			
Capital Outlay	<u>1,851</u>	<u>836</u>	<u>(1,015)</u>
<b>Total Expenditures</b>	<u>7,650</u>	<u>1,129</u>	<u>(6,521)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(7,650)</u>	<u>132</u>	<u>7,782</u>
<b>Net Change in Fund Balance</b>	(7,650)	132	7,782
<b>Fund Balance - Beginning</b>	<u>7,650</u>	<u>5,909</u>	<u>(1,741)</u>
<b>Fund Balance - Ending</b>	<u>\$ -</u>	<u>\$ 6,041</u>	<u>\$ 6,041</u>

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

Special Revenue Funds account for revenues from specific taxes or other earmarked revenue sources which, by law are designated to finance particular functions or activities of government. The City has the following nonmajor special revenue funds:

#### **Budgeted Special Revenue Funds (GAAP Basis)**

##### **Assistance to Firefighters Grant**

To account for revenues and expenditures related to the U.S. Department of Homeland Security grant awarded for the acquisition of firefighter protective gear.

##### **Local Option Gas Tax**

To account for the City's share of the six-cent local option gas tax revenues designated for road improvements and maintenance projects.

##### **Utility Tax Fund**

To account for the receipt and disbursement of an 8% tax on all purchases of electric, water and gas services as well as a 7% tax on all telephone and telegraph services. Monies are typically used for general governmental purposes.

##### **Recreation Impact Fee Fund**

To account for impact fees collected and spent based on charges to new living units constructed. Revenue is restricted for park acquisition and improvements. Impact fees are assessed based upon City ordinance and adopted pursuant to Florida Law.

##### **Transportation Impact Fee Fund**

To account for transportation impact fees collected based on charges assessed against commercial and residential construction projects. Revenue is restricted for transportation improvements.

##### **Building Division**

To account for the collection of building permit revenues and payment of expenditures associated with providing inspection related services.

##### **Community Development Block Grant**

To account for revenues and expenditures related to the U.S. Department of Housing and Urban Development Community Development Block Grant.

##### **Local Law Enforcement Block Grant**

To account for revenues and expenditures related to the U.S. Department of Justice Law Enforcement Block Grant.

##### **USDA Grant**

To account for revenues and expenditures related to the US Department of Agriculture Natural Resource Conservation Service grant for the Mill Slough Debris Removal Project.

##### **Paving Assessments**

To account for the costs associated with paving projects. One-third of the project costs are paid by the Gas Tax Fund while the remaining two-thirds are assessed to property owners.

## **NONMAJOR GOVERNMENTAL FUNDS - CONTINUED**

### **Charter School**

To account for the funds received from the Osceola County School District and related expenditures to the management firm that operates the City's charter school.

### **HMGP Grant**

To account for the revenues and expenditures related to the monies received from the Federal Emergency Management Agency to fund various mitigation projects that will prevent damage to facilities in the event of a disaster.

### **Disaster Recovery Initiative Grant**

To account for revenues and expenditures related to the Disaster Recovery Initiative Grant.

### **Hurricane Housing Recovery Program Trust**

To account for revenues and expenditures related to the Hurricane Housing Recovery Program Trust.

### **Civic Center**

To account for the operations of the Civic Center.

### **Bike Trail Fund**

To account for the revenues and expenditures associated with the Local Agency Program (LAP) Agreement between the Florida Department of Transportation and the City to provide for an integrated and balanced transportation system.

### **Hoagland Road Project**

To account for the revenues and expenditures of the County Incentive Grant Program which provides funding for improving transportation facilities located on State Highway Systems or those that relieve traffic congestion on the State Highway System. The funds awarded to the City by Osceola County via the Florida State Department of Transportation will be used to conduct a corridor study/preliminary design for Hoagland Boulevard and Pleasant Hill Road Improvements.

### **Martin Luther King Phase II**

To account for the revenues and expenditures from the Florida Department of Transportation, through its Transportation Regional Incentive Program (TRIP), that will provide funding for the construction of the City's Martin Luther King Boulevard Phase 2 project. This project will provide for a new east-west corridor through the City.

### **Section 8 H.A.P.P**

To account for expenditures associated with various housing related projects.

## **Non-Budgeted Special Revenue Funds**

### **Juvenile Justice Grant**

To account for revenues and expenditures related to the Juvenile Justice Grant to improve youth after school programs.

### **Fire Assessment Fee**

To account for fire assessment fees collected. Revenue is restricted for fire control activities.

### **EMS Grant**

To account for revenues and expenditures related to the U.S. Department of Homeland Security Emergency Medical Services Grant.

### **Workforce Grant**

To account for revenues and expenditures related to the Workforce Grant.

## **NONMAJOR GOVERNMENTAL FUNDS – CONTINUED**

### **Victims Crime Act Grant**

To account for revenues and expenditures related to the Florida Department of Law Enforcement Victims Crime Investigation Program.

### **Justice Assistance Grant**

To account for the revenues and expenditures associated with the U. S. Department of Justice, Bureau of Justice Assistance, Edward Byrne Memorial Justice Assistance Grant (JAG) program which allows states and local governments to support a broad range of activities to prevent and control crime and to improve the criminal justice system.

### **Police and Firefighters Premium Tax Trust**

To account for excise tax imposed on homeowners' insurance premiums collected by the State of Florida Department of Revenue and remitted to the City. These tax revenues are to be used as retirement contributions to Police and Firefighters' Pension plans.

### **Supplementary Care**

To account for revenue received from individuals buying supplementary care in the City cemetery. Interest can be transferred to the General Fund to defray the cost of cemetery operations and maintenance.

## **DEBT SERVICE FUNDS**

The City has seven debt service funds. They are used to account for the payment of principal and interest and long-term debt as specified by bond and note covenants.

### **Budgeted Debt Service Funds (GAAP Basis)**

#### **FmHA Bond**

Accounts for the payment of principal and interest on the 1980 and 1981 Excise Tax Revenue Bonds. Occupational license revenue is pledged for payment of these bonds. Transfers are made from the General Fund.

#### **2005 Revenue Note**

Accounts for the payment of principal and interest on the 2005 Revenue Note. Monies from the one-cent sales tax are used for annual debt service payments.

#### **2006 Revenue Note**

Accounts for the payment of principal and interest on the 2006 Revenue Note. Monies from the one-cent sales tax are used for annual debt service payments.

#### **2000A Revenue Note**

Accounts for the payment of principal and interest on the 2000A Charter School Improvement Revenue Note. Revenue received from the Osceola School Board is used for annual debt service payments.

#### **2001 Revenue Note**

Accounts for the payment of principal and interest on the 2001 Local Option Sales Tax Notes. Monies from the one-cent sales tax are pledged.

#### **2001A Revenue Note**

Accounts for the payment of principal and interest on the 2001A Local Option Sales Tax Notes. Monies from the one-cent sales tax are pledged.

## NONMAJOR GOVERNMENTAL FUNDS - CONTINUED

### Non-Budgeted Debt Service Fund

#### **2004 CRA Revenue Note**

Accounts for the payment of principal and interest on the 2004 Revenue Note. Tax increment financing revenues are used for annual debt service payments.

### **CAPITAL PROJECTS FUNDS**

The City has three nonmajor capital projects funds. These funds account for the activities of various capital projects funded by different revenue sources. Monies deposited into these funds can only be used in accordance with note covenants.

### Budgeted Capital Projects Fund (GAAP Basis)

#### **2006 Capital Construction Note Project**

To account for the proceeds of the 2006 Revenue Note to be used for road improvement projects.

#### **Sales Tax 1999 Project**

To account for the proceeds of the 1999 Sales Tax Note to be used for the construction of the City Hall facilities.

#### **Community Redevelopment Project**

To account for the proceeds of the 2004 Redevelopment Trust Fund Revenue Note to be used for the construction of projects in the CRA Master Development Plan.

**CITY OF KISSIMMEE, FLORIDA**  
**COMBINING BALANCE SHEET**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
September 30, 2008  
(In Thousands)

	<b>Total Nonmajor Special Revenue Funds</b>	<b>Total Nonmajor Debt Service Funds</b>	<b>Total Nonmajor Capital Project Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 10,008	\$ 2,027	\$ -	\$ 12,035
Investments	1,236	250	-	1,486
Restricted Cash and Investments	-	-	837	837
Accounts Receivable (net)	622	-	-	622
Special Assessments Receivable (net)	5	-	-	5
Prepaid Items	7	-	-	7
Due from Other Governments	966	-	-	966
<b>Total Assets</b>	<b>\$ 12,844</b>	<b>\$ 2,277</b>	<b>\$ 837</b>	<b>\$ 15,958</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ 1,006	\$ -	\$ 206	\$ 1,212
Contracts Payable	265	-	-	265
Accrued Liabilities	52	2,075	-	2,127
Due to Other Funds	231	-	487	718
Due to Other Governments	176	17	-	193
Deposits Payable	75	-	-	75
Deferred Revenue	1,780	-	-	1,780
<b>Total Liabilities</b>	<b>3,585</b>	<b>2,092</b>	<b>693</b>	<b>6,370</b>
Fund Balances:				
Reserved for:				
Prepaid Items	7	-	-	7
Capital Projects	5,849	-	834	6,683
Public Safety Projects	52	-	-	52
Development Services	205	-	-	205
Economic Development	12	-	-	12
Supplementary Care	608	-	-	608
Debt Service	-	217	-	217
Unreserved (Deficits) Reported In:				
Special Revenue Funds	2,526	-	-	2,526
Debt Service Funds	-	(32)	-	(32)
Capital Projects Funds	-	-	(690)	(690)
<b>Total Fund Balances</b>	<b>9,259</b>	<b>185</b>	<b>144</b>	<b>9,588</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 12,844</b>	<b>\$ 2,277</b>	<b>\$ 837</b>	<b>\$ 15,958</b>

**CITY OF KISSIMMEE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended September 30, 2008  
**(In Thousands)**

	<b>Total Nonmajor Special Revenue Funds</b>	<b>Total Nonmajor Debt Service Funds</b>	<b>Total Nonmajor Capital Project Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>				
Taxes	\$ 9,935	\$ -	\$ -	\$ 9,935
Special Assessments Levied	220	-	-	220
Impact Fees	870	-	-	870
Permits and Fees	2,180	-	-	2,180
Intergovernmental Revenues	8,819	-	-	8,819
Charges for Services	562	-	-	562
Investment Income	4,864	531	496	5,891
Miscellaneous Revenues	378	-	-	378
<b>Total Revenues</b>	<u>27,828</u>	<u>531</u>	<u>496</u>	<u>28,855</u>
<b>EXPENDITURES</b>				
Current:				
General Government	4,888	-	-	4,888
Public Safety	2,721	-	-	2,721
Physical Environment	72	-	-	72
Transportation	6,131	-	-	6,131
Economic Environment	2,223	-	-	2,223
Culture/Recreation	1,479	-	-	1,479
Capital Outlay	-	-	1,405	1,405
Debt Service:				
Principal Retirement	60	2,120	-	2,180
Interest and Fiscal Charges	17	1,487	-	1,504
<b>Total Expenditures</b>	<u>17,591</u>	<u>3,607</u>	<u>1,405</u>	<u>22,603</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>10,237</u>	<u>(3,076)</u>	<u>(909)</u>	<u>6,252</u>
<b>OTHER FINANCING SOURCES and (USES)</b>				
Transfers In	1,721	3,286	-	5,007
Transfers (Out)	(9,557)	(95)	(458)	(10,110)
Issuance of Notes Payable	-	-	316	316
Issuance of Capital Lease	131	-	-	131
<b>Total Other Financing Sources and (Uses)</b>	<u>(7,705)</u>	<u>3,191</u>	<u>(142)</u>	<u>(4,656)</u>
<b>Net Change in Fund Balances</b>	2,532	115	(1,051)	1,596
<b>Fund Balances - Beginning</b>	<u>6,727</u>	<u>70</u>	<u>1,195</u>	<u>7,992</u>
<b>Fund Balances - Ending</b>	<u>\$ 9,259</u>	<u>\$ 185</u>	<u>\$ 144</u>	<u>\$ 9,588</u>

**CITY OF KISSIMMEE, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
September 30, 2008  
(In Thousands)

	<b>Assistance to</b>			
	<b>Firefighters</b>	<b>Local Option</b>		<b>Juvenile</b>
	<b>Grant</b>	<b>Gas Tax</b>	<b>Utility Tax</b>	<b>Justice Grant</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1	\$ 3,557	\$ -	\$ -
Investments	-	440	-	-
Accounts Receivable (net)	-	3	438	-
Special Assessments Receivable (net)	-	-	-	-
Prepaid Items	-	-	-	-
Due from KUA	-	-	-	-
Inventory	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Governments	-	214	234	-
<b>Total Assets</b>	<u>\$ 1</u>	<u>\$ 4,214</u>	<u>\$ 672</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 246	\$ -	\$ -
Contracts Payable	-	-	-	-
Accrued Liabilities	-	15	-	-
Due to Other Funds	-	-	-	-
Due to Other Governments	-	-	-	-
Advance from Other Funds	-	-	-	-
Deposits Payable	-	2	-	-
Deferred Revenue	-	-	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>263</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>				
Reserved for:				
Prepaid Items	-	-	-	-
Capital Projects	-	3,951	-	-
Public Safety Projects	1	-	-	-
Development Services	-	-	-	-
Economic Development	-	-	-	-
Supplementary Care	-	-	-	-
Unreserved (deficit)	-	-	672	-
<b>Total Fund Balances (Deficits)</b>	<u>1</u>	<u>3,951</u>	<u>672</u>	<u>-</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1</u>	<u>\$ 4,214</u>	<u>\$ 672</u>	<u>\$ -</u>

Continued

<u>Recreation Impact Fee Fund</u>	<u>Transportation Impact Fee Fund</u>	<u>Fire Assessment Fee</u>	<u>EMS Grant</u>	<u>Workforce Grant</u>	<u>Building Division</u>
\$ 130	\$ 457	\$ -	\$ -	\$ -	\$ 198
16	56	-	-	-	25
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>146</u>	<u>513</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>223</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2
-	-	-	-	-	-
-	-	-	-	-	16
-	-	-	-	-	-
-	176	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>176</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18</u>
-	-	-	-	-	-
146	337	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	205
-	-	-	-	-	-
-	-	-	-	-	-
<u>146</u>	<u>337</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>205</u>
<u>\$ 146</u>	<u>\$ 513</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 223</u>

**CITY OF KISSIMMEE, FLORIDA**  
**COMBINING BALANCE SHEET - Continued**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
September 30, 2008  
(In Thousands)

	<b>Community Development Block Grant</b>	<b>Victims Crime Act Grant</b>	<b>Local Law Enforcement Block Grant</b>	<b>USDA Grant</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1	\$ 6	\$ -	\$ 46
Investments	-	-	-	6
Accounts Receivable (net)	-	-	-	-
Special Assessments Receivable (net)	-	-	-	-
Prepaid Items	-	-	7	-
Due from KUA	-	-	-	-
Inventory	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Governments	63	-	-	-
<b>Total Assets</b>	<u>\$ 64</u>	<u>\$ 6</u>	<u>\$ 7</u>	<u>\$ 52</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 5	\$ -	\$ -	\$ -
Contracts Payable	-	-	-	-
Accrued Liabilities	2	-	-	-
Due to Other Funds	53	-	-	-
Due to Other Governments	-	-	-	-
Advance from Other Funds	-	-	-	-
Deposits Payable	-	-	-	-
Deferred Revenue	44	-	-	-
<b>Total Liabilities</b>	<u>104</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>				
Reserved for:				
Prepaid Items	-	-	7	-
Capital Projects	-	-	-	52
Public Safety Projects	-	6	-	-
Development Services	-	-	-	-
Economic Development	-	-	-	-
Supplementary Care	-	-	-	-
Unreserved (deficit)	(40)	-	-	-
<b>Total Fund Balances (Deficits)</b>	<u>(40)</u>	<u>6</u>	<u>7</u>	<u>52</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 64</u>	<u>\$ 6</u>	<u>\$ 7</u>	<u>\$ 52</u>

Continued

<u>Paving Assessment</u>	<u>Charter School</u>	<u>Hazard Mitigation Grant Program</u>	<u>Disaster Recovery Initiative Grant</u>	<u>Hurricane Housing Recovery Program Trust</u>	<u>Civic Center</u>
\$ -	\$ 1,005	\$ 160	\$ -	\$ 1,223	\$ 964
-	124	20	-	151	119
-	-	-	-	-	-
5	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	96	216	-	-
<u>\$ 5</u>	<u>\$ 1,129</u>	<u>\$ 276</u>	<u>\$ 216</u>	<u>\$ 1,374</u>	<u>\$ 1,083</u>
\$ -	\$ 2	\$ 156	\$ -	\$ -	\$ 48
-	-	-	-	-	-
-	-	-	-	1	13
-	-	-	178	-	-
-	-	-	-	-	-
-	-	-	-	-	73
-	-	-	216	1,377	-
<u>-</u>	<u>2</u>	<u>156</u>	<u>394</u>	<u>1,378</u>	<u>134</u>
-	-	-	-	-	-
5	-	120	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,127	-	(178)	(4)	949
<u>5</u>	<u>1,127</u>	<u>120</u>	<u>(178)</u>	<u>(4)</u>	<u>949</u>
<u>\$ 5</u>	<u>\$ 1,129</u>	<u>\$ 276</u>	<u>\$ 216</u>	<u>\$ 1,374</u>	<u>\$ 1,083</u>

**CITY OF KISSIMMEE, FLORIDA**  
**COMBINING BALANCE SHEET - Continued**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
September 30, 2008  
(In Thousands)

	<u>Bike Trail</u>	<u>Hoagland</u>	<u>Martin Luther</u>	<u>Justice</u>
	<u>Fund</u>	<u>Road Project</u>	<u>King Phase 2</u>	<u>Assistance</u>
				<u>Grant</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ -	\$ 204	\$ 1,460	\$ 44
Investments	-	25	180	6
Accounts Receivable (net)	-	181	-	-
Special Assessments Receivable (net)	-	-	-	-
Prepaid Items	-	-	-	-
Due from KUA	-	-	-	-
Inventory	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Governments	-	80	63	-
<b>Total Assets</b>	<u>\$ -</u>	<u>\$ 490</u>	<u>\$ 1,703</u>	<u>\$ 50</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 107	\$ 440	\$ -
Contracts Payable	-	-	265	-
Accrued Liabilities	-	-	-	5
Due to Other Funds	-	-	-	-
Due to Other Governments	-	-	-	-
Advance from Other Funds	-	-	-	-
Deposits Payable	-	-	-	-
Deferred Revenue	-	80	63	-
<b>Total Liabilities</b>	<u>-</u>	<u>187</u>	<u>768</u>	<u>5</u>
<b>FUND BALANCES (DEFICITS)</b>				
Reserved for:				
Prepaid Items	-	-	-	-
Capital Projects	-	303	935	-
Public Safety Projects	-	-	-	45
Development Services	-	-	-	-
Economic Development	-	-	-	-
Supplementary Care	-	-	-	-
Unreserved (deficit)	-	-	-	-
<b>Total Fund Balances (Deficits)</b>	<u>-</u>	<u>303</u>	<u>935</u>	<u>45</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ -</u>	<u>\$ 490</u>	<u>\$ 1,703</u>	<u>\$ 50</u>

<b>Police and Firefighters Premium Tax Trust</b>	<b>Section 8 HAPP Fund</b>	<b>Supplementary Care</b>	<b>Total Nonmajor Special Revenue Funds</b>
\$ -	\$ 11	\$ 541	\$ 10,008
-	1	67	1,236
-	-	-	622
-	-	-	5
-	-	-	7
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	966
<u>\$ -</u>	<u>\$ 12</u>	<u>\$ 608</u>	<u>\$ 12,844</u>
\$ -	\$ -	\$ -	\$ 1,006
-	-	-	265
-	-	-	52
-	-	-	231
-	-	-	176
-	-	-	-
-	-	-	75
-	-	-	1,780
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,585</u>
-	-	-	7
-	-	-	5,849
-	-	-	52
-	-	-	205
-	12	-	12
-	-	608	608
-	-	-	2,526
<u>-</u>	<u>12</u>	<u>608</u>	<u>9,259</u>
<u>\$ -</u>	<u>\$ 12</u>	<u>\$ 608</u>	<u>\$ 12,844</u>

**CITY OF KISSIMMEE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
For the Year Ended September 30, 2008  
(In Thousands)

	<b>Assistance to</b>			
	<b>Firefighters</b>	<b>Local Option</b>		<b>Juvenile</b>
	<b>Grant</b>	<b>Gas Tax</b>	<b>Utility Tax</b>	<b>Justice Grant</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>				
Taxes	\$ -	\$ 2,430	\$ 6,491	\$ -
Special Assessments Levied	-	-	-	-
Impact Fees	-	-	-	-
Permits and Fees	-	-	-	-
Intergovernmental Revenues	242	-	-	-
Charges for Services	-	-	-	-
Investment Income (Loss)	4	2,827	-	-
Miscellaneous Revenues	-	105	-	-
<b>Total Revenues</b>	<u>246</u>	<u>5,362</u>	<u>6,491</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	110	-
Public Safety	302	-	-	-
Physical Environment	-	-	-	-
Transportation	-	2,851	-	-
Economic Environment	-	-	-	-
Culture and Recreation	-	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
<b>Total Expenditures</b>	<u>302</u>	<u>2,851</u>	<u>110</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<u>(56)</u>	<u>2,511</u>	<u>6,381</u>	<u>-</u>
<b>OTHER FINANCING</b>				
<b>SOURCES and (USES)</b>				
Transfers In	61	267	-	-
Transfers (Out)	(20)	(549)	(6,521)	(4)
Issuance of Capital Lease	-	-	-	-
<b>Total Other Financing</b>	<u>41</u>	<u>(282)</u>	<u>(6,521)</u>	<u>(4)</u>
<b>Sources and (Uses)</b>	<u>41</u>	<u>(282)</u>	<u>(6,521)</u>	<u>(4)</u>
<b>Net Change in Fund Balances</b>	(15)	2,229	(140)	(4)
<b>Fund Balances (Deficits) - Beginning</b>	<u>16</u>	<u>1,722</u>	<u>812</u>	<u>4</u>
<b>Fund Balances (Deficits) - Ending</b>	<u>\$ 1</u>	<u>\$ 3,951</u>	<u>\$ 672</u>	<u>\$ -</u>

Continued

<u>Recreation Impact Fee Fund</u>	<u>Transportation Impact Fee Fund</u>	<u>Fire Assessment Fee</u>	<u>EMS Grant</u>	<u>Workforce Grant</u>	<u>Building Division</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
18	852	-	-	-	-
-	-	1,577	-	-	603
-	-	-	-	-	-
-	-	-	-	-	168
219	593	7	-	-	154
-	-	-	-	-	-
<u>237</u>	<u>1,445</u>	<u>1,584</u>	<u>-</u>	<u>-</u>	<u>925</u>
-	-	54	-	-	-
-	-	-	-	-	1,132
-	-	-	-	-	-
-	235	-	-	-	-
-	-	-	-	-	-
332	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>332</u>	<u>235</u>	<u>54</u>	<u>-</u>	<u>-</u>	<u>1,132</u>
<u>(95)</u>	<u>1,210</u>	<u>1,530</u>	<u>-</u>	<u>-</u>	<u>(207)</u>
-	-	-	12	6	30
-	(25)	(1,530)	-	-	-
-	-	-	-	-	-
-	(25)	(1,530)	12	6	30
(95)	1,185	-	12	6	(177)
241	(848)	-	(12)	(6)	382
<u>\$ 146</u>	<u>\$ 337</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 205</u>

**CITY OF KISSIMMEE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - Continued**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
For the Year Ended September 30, 2008  
(In Thousands)

	<b>Community Development Block Grant</b>	<b>Victims Crime Act Grant</b>	<b>Local Law Enforcement Block Grant</b>	<b>USDA Grant</b>
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Special Assessments Levied	-	-	-	-
Impact Fees	-	-	-	-
Permits and Fees	-	-	-	-
Intergovernmental Revenues	646	-	-	-
Charges for Services	-	-	-	-
Investment Income (Loss)	-	-	(25)	-
Miscellaneous Revenues	-	2	-	-
<b>Total Revenues</b>	<u>646</u>	<u>2</u>	<u>(25)</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	179	-
Physical Environment	-	-	-	72
Transportation	-	-	-	-
Economic Environment	631	-	-	-
Culture and Recreation	-	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
<b>Total Expenditures</b>	<u>631</u>	<u>-</u>	<u>179</u>	<u>72</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>15</u>	<u>2</u>	<u>(204)</u>	<u>(72)</u>
<b>OTHER FINANCING SOURCES and (USES)</b>				
Transfers In	-	8	251	-
Transfers (Out)	-	-	(38)	-
Issuance of Capital Lease	-	-	-	-
<b>Total Other Financing Sources and (Uses)</b>	<u>-</u>	<u>8</u>	<u>213</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	15	10	9	(72)
<b>Fund Balances (Deficits) - Beginning</b>	<u>(55)</u>	<u>(4)</u>	<u>(2)</u>	<u>124</u>
<b>Fund Balances (Deficits) - Ending</b>	<u>\$ (40)</u>	<u>\$ 6</u>	<u>\$ 7</u>	<u>\$ 52</u>

Continued

<u>Paving Assessment</u>	<u>Charter School</u>	<u>Hazard Mitigation Grant Program</u>	<u>Disaster Recovery Initiative Grant</u>	<u>Hurricane Housing Recovery Program Trust</u>	<u>Civic Center</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
220	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	5,416	96	1,046	296	-
-	-	-	-	-	394
7	326	-	-	18	470
-	243	-	-	-	1
<u>227</u>	<u>5,985</u>	<u>96</u>	<u>1,046</u>	<u>314</u>	<u>865</u>
-	4,724	-	-	-	-
-	-	89	-	-	-
-	-	-	-	-	-
137	-	-	-	-	-
-	-	-	870	716	-
-	-	156	-	-	991
-	60	-	-	-	-
-	17	-	-	-	-
<u>137</u>	<u>4,801</u>	<u>245</u>	<u>870</u>	<u>716</u>	<u>991</u>
<u>90</u>	<u>1,184</u>	<u>(149)</u>	<u>176</u>	<u>(402)</u>	<u>(126)</u>
-	-	375	-	-	711
(59)	(659)	-	-	(152)	-
-	131	-	-	-	-
<u>(59)</u>	<u>(528)</u>	<u>375</u>	<u>-</u>	<u>(152)</u>	<u>711</u>
31	656	226	176	(554)	585
(26)	471	(106)	(354)	550	364
<u>\$ 5</u>	<u>\$ 1,127</u>	<u>\$ 120</u>	<u>\$ (178)</u>	<u>\$ (4)</u>	<u>\$ 949</u>

**CITY OF KISSIMMEE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - Continued**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
For the Year Ended September 30, 2008  
**(In Thousands)**

	<b>Bike Trail</b>	<b>Hoagland</b>	<b>Martin Luther</b>	<b>Justice</b>
	<b>Fund</b>	<b>Road Project</b>	<b>King Phase 2</b>	<b>Assistance</b>
				<b>Grant</b>
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Special Assessments Levied	-	-	-	-
Impact Fees	-	-	-	-
Permits and Fees	-	-	-	-
Intergovernmental Revenues	244	271	562	-
Charges for Services	-	-	-	-
Investment Income (Loss)	-	-	10	-
Miscellaneous Revenues	-	-	-	-
<b>Total Revenues</b>	<u>244</u>	<u>271</u>	<u>572</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	5
Physical Environment	-	-	-	-
Transportation	238	468	2,202	-
Economic Environment	-	-	-	-
Culture and Recreation	-	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
<b>Total Expenditures</b>	<u>238</u>	<u>468</u>	<u>2,202</u>	<u>5</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<u>6</u>	<u>(197)</u>	<u>(1,630)</u>	<u>(5)</u>
<b>OTHER FINANCING</b>				
<b>SOURCES and (USES)</b>				
Transfers In	-	-	-	-
Transfers (Out)	-	-	-	-
Issuance of Capital Lease	-	-	-	-
<b>Total Other Financing</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Sources and (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	6	(197)	(1,630)	(5)
<b>Fund Balances (Deficits) - Beginning</b>	<u>(6)</u>	<u>500</u>	<u>2,565</u>	<u>50</u>
<b>Fund Balances (Deficits) - Ending</b>	<u>\$ -</u>	<u>\$ 303</u>	<u>\$ 935</u>	<u>\$ 45</u>

<b>Police and Firefighters Premium Tax Trust</b>	<b>Section 8 HAPP Fund</b>	<b>Supplementary Care</b>	<b>Total Nonmajor Special Revenue Funds</b>
\$ 1,014	\$ -	\$ -	\$ 9,935
-	-	-	220
-	-	-	870
-	-	-	2,180
-	-	-	8,819
-	-	-	562
-	-	254	4,864
-	-	27	378
<u>1,014</u>	<u>-</u>	<u>281</u>	<u>27,828</u>
-	-	-	4,888
1,014	-	-	2,721
-	-	-	72
-	-	-	6,131
-	6	-	2,223
-	-	-	1,479
-	-	-	60
-	-	-	17
<u>1,014</u>	<u>6</u>	<u>-</u>	<u>17,591</u>
-	(6)	281	10,237
-	-	-	1,721
-	-	-	(9,557)
-	-	-	131
-	-	-	(7,705)
-	(6)	281	2,532
-	18	327	6,727
<u>\$ -</u>	<u>\$ 12</u>	<u>\$ 608</u>	<u>\$ 9,259</u>

**CITY OF KISSIMMEE, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**ASSISTANCE TO FIREFIGHTERS GRANT**  
For the Year Ended September 30, 2008  
**(In Thousands)**

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
<b>REVENUES</b>			
Intergovernmental Revenues	\$ 244	\$ 242	\$ (2)
Investment Income	-	4	4
<b>Total Revenues</b>	<u>244</u>	<u>246</u>	<u>2</u>
<b>EXPENDITURES</b>			
Public Safety			
Capital Outlay	305	302	(3)
<b>Total Expenditures</b>	<u>305</u>	<u>302</u>	<u>(3)</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(61)</u>	<u>(56)</u>	<u>5</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>			
Transfers In	61	61	-
Transfers (Out)	-	(20)	(20)
<b>Total Other Financing Sources and (Uses)</b>	<u>61</u>	<u>41</u>	<u>(20)</u>
<b>Net Change in Fund Balance</b>	-	(15)	(15)
<b>Fund Balance - Beginning</b>	-	16	16
<b>Fund Balance - Ending</b>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>

**CITY OF KISSIMMEE, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**LOCAL OPTION GAS TAX**  
For the Year Ended September 30, 2008  
**(In Thousands)**

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
<b>REVENUES</b>			
Taxes	\$ 2,784	\$ 2,430	\$ (354)
Investment Income	175	2,827	2,652
Miscellaneous Revenues	10	105	95
<b>Total Revenues</b>	<u>2,969</u>	<u>5,362</u>	<u>2,393</u>
<b>EXPENDITURES</b>			
Transportation			
Personal Services	648	625	(23)
Operating	614	565	(49)
Capital Outlay	5,227	1,661	(3,566)
<b>Total Expenditures</b>	<u>6,489</u>	<u>2,851</u>	<u>(3,638)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(3,520)</u>	<u>2,511</u>	<u>6,031</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>			
Transfers In	258	267	9
Transfers (Out)	(2,159)	(549)	1,610
Issuance of Note Payable	1,500	-	(1,500)
<b>Total Other Financing Sources and (Uses)</b>	<u>(401)</u>	<u>(282)</u>	<u>119</u>
<b>Net Change in Fund Balance</b>	(3,921)	2,229	6,150
<b>Fund Balance - Beginning</b>	<u>3,921</u>	<u>1,722</u>	<u>(2,199)</u>
<b>Fund Balance - Ending</b>	<u>\$ -</u>	<u>\$ 3,951</u>	<u>\$ 3,951</u>

**CITY OF KISSIMMEE, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**UTILITY TAX FUND**  
For the Year Ended September 30, 2008  
**(In Thousands)**

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
<b>REVENUES</b>			
Taxes	\$ 6,400	\$ 6,491	\$ 91
<b>Total Revenues</b>	<u>6,400</u>	<u>6,491</u>	<u>91</u>
<b>EXPENDITURES</b>			
General Government Operating	<u>75</u>	<u>110</u>	<u>35</u>
<b>Total Expenditures</b>	<u>75</u>	<u>110</u>	<u>35</u>
<b>Excess of Revenues Over Expenditures</b>	<u>6,325</u>	<u>6,381</u>	<u>56</u>
<b>OTHER FINANCING (USES)</b>			
Transfers (Out)	<u>(6,400)</u>	<u>(6,521)</u>	<u>(121)</u>
<b>Total Other Financing     (Uses)</b>	<u>(6,400)</u>	<u>(6,521)</u>	<u>(121)</u>
<b>Net Change in Fund Balance</b>	(75)	(140)	(65)
<b>Fund Balance - Beginning</b>	<u>75</u>	<u>812</u>	<u>737</u>
<b>Fund Balance - Ending</b>	<u>\$ -</u>	<u>\$ 672</u>	<u>\$ 672</u>

**CITY OF KISSIMMEE, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**RECREATION IMPACT FEE FUND**  
For the Year Ended September 30, 2008  
**(In Thousands)**

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
<b>REVENUES</b>			
Impact Fees	\$ 150	\$ 18	\$ (132)
Investment Income	<u>2</u>	<u>219</u>	<u>217</u>
<b>Total Revenues</b>	<u>152</u>	<u>237</u>	<u>85</u>
<b>EXPENDITURES</b>			
Culture and Recreation			
Capital Outlay	<u>919</u>	<u>332</u>	<u>(587)</u>
<b>Total Expenditures</b>	<u>919</u>	<u>332</u>	<u>(587)</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(767)</u>	<u>(95)</u>	<u>672</u>
 <b>Net Change in Fund Balance</b>	 (767)	 (95)	 672
 <b>Fund Balance - Beginning</b>	 <u>767</u>	 <u>241</u>	 <u>(526)</u>
 <b>Fund Balance - Ending</b>	 <u>\$ -</u>	 <u>\$ 146</u>	 <u>\$ 146</u>

**CITY OF KISSIMMEE, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**TRANSPORTATION IMPACT FEE FUND**  
For the Year Ended September 30, 2008  
**(In Thousands)**

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
<b>REVENUES</b>			
Impact Fees	\$ 2,300	\$ 852	\$ (1,448)
Investment Income	70	593	523
<b>Total Revenues</b>	<u>2,370</u>	<u>1,445</u>	<u>(925)</u>
<b>EXPENDITURES</b>			
Transportation			
Operating	150	-	(150)
Capital Outlay	4,973	235	(4,738)
<b>Total Expenditures</b>	<u>5,123</u>	<u>235</u>	<u>(4,888)</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(2,753)</u>	<u>1,210</u>	<u>3,963</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>			
Transfers In	1,500	-	(1,500)
Transfers (Out)	(851)	(25)	826
<b>Total Other Financing Sources and (Uses)</b>	<u>649</u>	<u>(25)</u>	<u>(674)</u>
<b>Net Change in Fund Balance</b>	(2,104)	1,185	3,289
<b>Fund Balance (Deficit) - Beginning</b>	<u>2,104</u>	<u>(848)</u>	<u>(2,952)</u>
<b>Fund Balance - Ending</b>	<u>\$ -</u>	<u>\$ 337</u>	<u>\$ 337</u>

**CITY OF KISSIMMEE, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**BUILDING DIVISION**  
For the Year Ended September 30, 2008  
**(In Thousands)**

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
<b>REVENUES</b>			
Permits and Fees	\$ 1,118	\$ 603	\$ (515)
Charges for Services	400	168	(232)
Investment Income	-	154	154
<b>Total Revenues</b>	<u>1,518</u>	<u>925</u>	<u>(593)</u>
<b>EXPENDITURES</b>			
Public Safety			
Personal Services	1,361	1,041	(320)
Operating	194	91	(103)
Capital Outlay	86	-	(86)
<b>Total Expenditures</b>	<u>1,641</u>	<u>1,132</u>	<u>(509)</u>
<b>Excess of Revenues Over Expenditures</b>	<u>(123)</u>	<u>(207)</u>	<u>(84)</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers In	30	30	-
<b>Total Other Financing Sources</b>	<u>30</u>	<u>30</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	(93)	(177)	(84)
<b>Fund Balance - Beginning</b>	<u>93</u>	<u>382</u>	<u>289</u>
<b>Fund Balance - Ending</b>	<u>\$ -</u>	<u>\$ 205</u>	<u>\$ 205</u>

**CITY OF KISSIMMEE, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**COMMUNITY DEVELOPMENT BLOCK GRANT**  
For the Year Ended September 30, 2008  
**(In Thousands)**

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
<b>REVENUES</b>			
Intergovernmental Revenues	\$ 629	\$ 646	\$ 17
<b>Total Revenues</b>	<u>629</u>	<u>646</u>	<u>17</u>
<b>EXPENDITURES</b>			
Economic Environment			
Personal Services	146	129	(17)
Operating	157	94	(63)
Capital Outlay	<u>786</u>	<u>408</u>	<u>(378)</u>
<b>Total Expenditures</b>	<u>1,089</u>	<u>631</u>	<u>(458)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(460)</u>	<u>15</u>	<u>475</u>
<b>Net Change in Fund Balance</b>	(460)	15	(445)
<b>Fund Balance (Deficit) - Beginning</b>	<u>460</u>	<u>(55)</u>	<u>(515)</u>
<b>Fund Balance (Deficit) - Ending</b>	<u>\$ -</u>	<u>\$ (40)</u>	<u>\$ (40)</u>

**CITY OF KISSIMMEE, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**LOCAL LAW ENFORCEMENT BLOCK GRANT**  
For the Year Ended September 30, 2008  
**(In Thousands)**

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
<b>REVENUES</b>			
Investment Income	\$ 51	\$ -	\$ (51)
Investment Income (Loss)	1	(25)	(26)
<b>Total Revenues</b>	<u>52</u>	<u>(25)</u>	<u>(77)</u>
<b>EXPENDITURES</b>			
Public Safety			
Personal Services	197	179	(18)
<b>Total Expenditures</b>	<u>197</u>	<u>179</u>	<u>(18)</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(145)</u>	<u>(204)</u>	<u>(59)</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers In	146	251	105
Transfers (Out)	-	(38)	(38)
<b>Total Other Financing Sources</b>	<u>146</u>	<u>213</u>	<u>67</u>
<b>Net Change in Fund Balance</b>	1	9	8
<b>Fund Balance (Deficit) - Beginning</b>	<u>(1)</u>	<u>(2)</u>	<u>(1)</u>
<b>Fund Balance - Ending</b>	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ 7</u>

**CITY OF KISSIMMEE, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**USDA GRANT**  
For the Year Ended September 30, 2008  
**(In Thousands)**

	<b>Budget</b>	<b>Actual Amounts</b>	<b>Variance with Budget - Over (Under)</b>
<b>REVENUES</b>			
Intergovernmental Revenues	\$ -	\$ -	\$ -
<b>Total Revenues</b>	-	-	-
<b>EXPENDITURES</b>			
Physical Environment			
Capital Outlay	72	72	-
<b>Total Expenditures</b>	72	72	-
<b>(Deficiency) of Revenues (Under) Expenditures</b>	(72)	(72)	-
<b>Net Change in Fund Balance</b>	(72)	(72)	-
<b>Fund Balance - Beginning</b>	72	124	52
<b>Fund Balance - Ending</b>	\$ -	\$ 52	\$ 52

**CITY OF KISSIMMEE, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**PAVING ASSESSMENTS**  
For the Year Ended September 30, 2008  
**(In Thousands)**

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
<b>REVENUES</b>			
Special Assessments Levied	\$ 50	\$ 220	\$ 170
Investment Income	1	7	6
<b>Total Revenues</b>	<u>51</u>	<u>227</u>	<u>176</u>
<b>EXPENDITURES</b>			
Transportation			
Operating	1	137	136
<b>Total Expenditures</b>	<u>1</u>	<u>137</u>	<u>136</u>
<b>Excess of Revenues Over Expenditures</b>	<u>50</u>	<u>90</u>	<u>40</u>
<b>OTHER FINANCING (USES)</b>			
Transfers (Out)	(50)	(59)	(9)
<b>Total Other Financing (Uses)</b>	<u>(50)</u>	<u>(59)</u>	<u>(9)</u>
<b>Net Change in Fund Balance</b>	-	31	31
<b>Fund Balance (Deficit) - Beginning</b>	-	(26)	(26)
<b>Fund Balance - Ending</b>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 5</u>

**CITY OF KISSIMMEE, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**CHARTER SCHOOL**  
For the Year Ended September 30, 2008  
**(In Thousands)**

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
<b>REVENUES</b>			
Intergovernmental Revenues	\$ 5,350	\$ 5,416	\$ 66
Investment Income	20	326	306
Miscellaneous Revenues	-	243	243
<b>Total Revenues</b>	<u>5,370</u>	<u>5,985</u>	<u>615</u>
<b>EXPENDITURES</b>			
General Government			
Operating	4,700	4,452	(248)
Capital Outlay	230	272	42
Debt Service			
Principal Retirement	-	60	60
Interest and Fiscal Charges	-	17	17
<b>Total Expenditures</b>	<u>4,930</u>	<u>4,801</u>	<u>(129)</u>
<b>Excess of Revenues Over Expenditures</b>	<u>440</u>	<u>1,184</u>	<u>744</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>			
Transfers (Out)	(650)	(659)	(9)
Issuance of Capital Lease	-	131	131
<b>Total Other Financing Sources and (Uses)</b>	<u>(650)</u>	<u>(528)</u>	<u>122</u>
<b>Net Change in Fund Balance</b>	<u>(210)</u>	<u>656</u>	<u>866</u>
<b>Fund Balance - Beginning</b>	<u>210</u>	<u>471</u>	<u>261</u>
<b>Fund Balance - Ending</b>	<u>\$ -</u>	<u>\$ 1,127</u>	<u>\$ 1,127</u>

**CITY OF KISSIMMEE, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**HAZARD MITIGATION GRANT PROGRAM**  
For the Year Ended September 30, 2008  
**(In Thousands)**

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
<b>REVENUES</b>			
Intergovernmental Revenues	\$ 242	\$ 96	\$ (146)
<b>Total Revenues</b>	<u>242</u>	<u>96</u>	<u>(146)</u>
<b>EXPENDITURES</b>			
General Government			
Capital Outlay	120	-	(120)
Public Safety			
Capital Outlay	287	89	(198)
Transportation			
Capital Outlay	77	-	(77)
Culture and Recreation			
Capital Outlay	156	156	-
<b>Total Expenditures</b>	<u>640</u>	<u>245</u>	<u>(395)</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(398)</u>	<u>(149)</u>	<u>249</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers In	-	375	375
<b>Total Other Financing Sources</b>	<u>-</u>	<u>375</u>	<u>375</u>
<b>Net Change in Fund Balance</b>	(398)	226	624
<b>Fund Balance (Deficit) - Beginning</b>	<u>398</u>	<u>(106)</u>	<u>(504)</u>
<b>Fund Balance - Ending</b>	<u>\$ -</u>	<u>\$ 120</u>	<u>\$ 120</u>

**CITY OF KISSIMMEE, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**DISASTER RECOVERY INITIATIVE GRANT**  
For the Year Ended September 30, 2008  
**(In Thousands)**

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
<b>REVENUES</b>			
Intergovernmental Revenues	\$ -	\$ 1,046	\$ 1,046
<b>Total Revenues</b>	<u>-</u>	<u>1,046</u>	<u>1,046</u>
<b>EXPENDITURES</b>			
Economic Environment			
Personal Services	3	-	(3)
Operating	75	29	(46)
Capital Outlay	883	841	(42)
<b>Total Expenditures</b>	<u>961</u>	<u>870</u>	<u>(91)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(961)</u>	<u>176</u>	<u>1,137</u>
<b>Net Change in Fund Balance</b>	(961)	176	1,137
<b>Fund Balance (Deficit) - Beginning</b>	<u>961</u>	<u>(354)</u>	<u>(1,315)</u>
<b>Fund Balance (Deficit) - Ending</b>	<u>\$ -</u>	<u>\$ (178)</u>	<u>\$ (178)</u>

**CITY OF KISSIMMEE, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**HURRICANE HOUSING RECOVERY PROGRAM TRUST**  
For the Year Ended September 30, 2008  
**(In Thousands)**

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
<b>REVENUES</b>			
Intergovernmental Revenues	\$ -	\$ 296	\$ 296
Investment Income	-	18	18
<b>Total Revenues</b>	<u>-</u>	<u>314</u>	<u>314</u>
<b>EXPENDITURES</b>			
Economic Environment			
Personal Services	77	43	(34)
Operating	304	105	(199)
Capital Outlay	1,687	568	(1,119)
<b>Total Expenditures</b>	<u>2,068</u>	<u>716</u>	<u>(1,352)</u>
<b>(Deficiency) of Revenues</b>			
<b>(Under) Expenditures</b>	<u>(2,068)</u>	<u>(402)</u>	<u>1,666</u>
<b>OTHER FINANCING (USES)</b>			
Transfers (Out)	<u>(152)</u>	<u>(152)</u>	<u>-</u>
<b>Total Other Financing (Uses)</b>	<u>(152)</u>	<u>(152)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	(2,220)	(554)	1,666
<b>Fund Balance - Beginning</b>	<u>2,220</u>	<u>550</u>	<u>(1,670)</u>
<b>Fund Balance (Deficit) - Ending</b>	<u>\$ -</u>	<u>\$ (4)</u>	<u>\$ (4)</u>

**CITY OF KISSIMMEE, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**CIVIC CENTER**  
For the Year Ended September 30, 2008  
**(In Thousands)**

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
<b>REVENUES</b>			
Charges for Services	\$ 382	\$ 394	\$ 12
Investment Income	25	470	445
Miscellaneous Revenues	1	1	-
<b>Total Revenues</b>	<u>408</u>	<u>865</u>	<u>457</u>
<b>EXPENDITURES</b>			
Culture and Recreation			
Personal Services	555	520	(35)
Operating	442	410	(32)
Capital Outlay	63	61	(2)
<b>Total Expenditures</b>	<u>1,060</u>	<u>991</u>	<u>(69)</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(652)</u>	<u>(126)</u>	<u>526</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers In	637	711	74
<b>Total Other Financing Sources</b>	<u>637</u>	<u>711</u>	<u>74</u>
<b>Net Change in Fund Balance</b>	(15)	585	600
<b>Fund Balance - Beginning</b>	<u>15</u>	<u>364</u>	<u>349</u>
<b>Fund Balance - Ending</b>	<u>\$ -</u>	<u>\$ 949</u>	<u>\$ 949</u>

**CITY OF KISSIMMEE, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**BIKE TRAIL FUND**  
For the Year Ended September 30, 2008  
**(In Thousands)**

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
<b>REVENUES</b>			
Intergovernmental Revenues	\$ -	\$ 244	\$ 244
<b>Total Revenues</b>	<u>-</u>	<u>244</u>	<u>244</u>
<b>EXPENDITURES</b>			
Transportation			
Capital Outlay	<u>238</u>	<u>238</u>	<u>-</u>
<b>Total Expenditures</b>	<u>238</u>	<u>238</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(238)</u>	<u>6</u>	<u>244</u>
 <b>Net Change in Fund Balance</b>	 (238)	 6	 244
<b>Fund Balance (Deficit) - Beginning</b>	<u>238</u>	<u>(6)</u>	<u>(244)</u>
<b>Fund Balance - Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF KISSIMMEE, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**HOAGLAND ROAD PROJECT**  
For the Year Ended September 30, 2008  
**(In Thousands)**

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
<b>REVENUES</b>			
Intergovernmental Revenues	\$ -	\$ 271	\$ 271
<b>Total Revenues</b>	<u>-</u>	<u>271</u>	<u>271</u>
<b>EXPENDITURES</b>			
Transportation			
Capital Outlay	<u>2,000</u>	<u>468</u>	<u>(1,532)</u>
<b>Total Expenditures</b>	<u>2,000</u>	<u>468</u>	<u>(1,532)</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(2,000)</u>	<u>(197)</u>	<u>1,803</u>
 <b>Net Change in Fund Balance</b>	 (2,000)	 (197)	 1,803
<b>Fund Balance - Beginning</b>	<u>2,000</u>	<u>500</u>	<u>(1,500)</u>
<b>Fund Balance - Ending</b>	<u>\$ -</u>	<u>\$ 303</u>	<u>\$ 303</u>

**CITY OF KISSIMMEE, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**MARTIN LUTHER KING PHASE II**  
For the Year Ended September 30, 2008  
**(In Thousands)**

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
<b>REVENUES</b>			
Intergovernmental Revenues	\$ -	\$ 562	\$ 562
Investment Income	-	10	10
<b>Total Revenues</b>	<u>-</u>	<u>572</u>	<u>572</u>
<b>EXPENDITURES</b>			
Transportation			
Capital Outlay	<u>3,190</u>	<u>2,202</u>	<u>(988)</u>
<b>Total Expenditures</b>	<u>3,190</u>	<u>2,202</u>	<u>(988)</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(3,190)</u>	<u>(1,630)</u>	<u>1,560</u>
 <b>Net Change in Fund Balance</b>	 (3,190)	 (1,630)	 (4,820)
 <b>Fund Balance - Beginning</b>	 <u>3,190</u>	 <u>2,565</u>	 <u>(625)</u>
 <b>Fund Balance - Ending</b>	 <u>\$ -</u>	 <u>\$ 935</u>	 <u>\$ 935</u>

**CITY OF KISSIMMEE, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**SECTION 8 H.A.P.P.**  
For the Year Ended September 30, 2008  
**(In Thousands)**

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
<b>REVENUES</b>			
Miscellaneous Revenues	\$ -	\$ -	\$ -
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>			
Economic Environment			
Operating	-	-	-
Capital Outlay	<u>18</u>	<u>6</u>	<u>(12)</u>
<b>Total Expenditures</b>	<u>18</u>	<u>6</u>	<u>(12)</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(18)</u>	<u>(6)</u>	<u>12</u>
<b>Net Change in Fund Balance</b>	(18)	(6)	12
<b>Fund Balance - Beginning</b>	<u>18</u>	<u>18</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u>\$ -</u>	<u>\$ 12</u>	<u>\$ 12</u>

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**CITY OF KISSIMMEE, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR DEBT SERVICE FUNDS**  
September 30, 2008  
(In Thousands)

	<u>FmHA Bond</u>	<u>2005 Revenue Note</u>	<u>2004 CRA Note</u>	<u>2006 Revenue Note</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 40	\$ 219	\$ -	\$ 409
Investments	5	27	-	50
<b>Total Assets</b>	<u>\$ 45</u>	<u>\$ 246</u>	<u>\$ -</u>	<u>\$ 459</u>
<b>LIABILITIES</b>				
Accrued Interest Payable	\$ -	\$ 201	\$ -	\$ 170
Bonds Payable - Current	-	-	-	320
Due to Other Governments	-	-	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>201</u>	<u>-</u>	<u>490</u>
<b>FUND BALANCES (DEFICITS)</b>				
Reserved for:				
Debt Service	45	45	-	-
Unreserved (Deficits)	-	-	-	(31)
<b>Total Fund Balances (Deficits)</b>	<u>45</u>	<u>45</u>	<u>-</u>	<u>(31)</u>
<b>Total Liabilities and Fund Balances (Deficits)</b>	<u>\$ 45</u>	<u>\$ 246</u>	<u>\$ -</u>	<u>\$ 459</u>

<u>2000A Revenue Note</u>	<u>2001 Revenue Note</u>	<u>2001A Revenue Note</u>	<u>Total Nonmajor Debt Service Funds</u>
\$ 329	\$ 581	\$ 449	\$ 2,027
41	72	55	250
<u>\$ 370</u>	<u>\$ 653</u>	<u>\$ 504</u>	<u>\$ 2,277</u>
\$ 88	\$ 50	\$ 30	\$ 539
229	512	475	1,536
-	17	-	17
<u>317</u>	<u>579</u>	<u>505</u>	<u>2,092</u>
53	74	-	217
-	-	(1)	(32)
<u>53</u>	<u>74</u>	<u>(1)</u>	<u>185</u>
<u>\$ 370</u>	<u>\$ 653</u>	<u>\$ 504</u>	<u>\$ 2,277</u>

**CITY OF KISSIMMEE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR DEBT SERVICE FUNDS**  
For the Year Ended September 30, 2008  
**(In Thousands)**

	<b>FmHA Bond</b>	<b>2005 Revenue Note</b>	<b>2004 CRA Note</b>	<b>2006 Revenue Note</b>
<b>REVENUES</b>				
Investment Income (Loss)	\$ -	\$ 52	\$ (1)	\$ 85
<b>Total Revenues</b>	<u>-</u>	<u>52</u>	<u>(1)</u>	<u>85</u>
<b>EXPENDITURES</b>				
Debt Service				
Principal Retirement	23	-	-	320
Interest and Fiscal Charges	22	409	154	342
<b>Total Expenditures</b>	<u>45</u>	<u>409</u>	<u>154</u>	<u>662</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(45)</u>	<u>(357)</u>	<u>(155)</u>	<u>(577)</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>				
Transfers In	45	403	250	549
Transfers (Out)	-	-	(95)	-
<b>Total Other Financing Sources and (Uses)</b>	<u>45</u>	<u>403</u>	<u>155</u>	<u>549</u>
<b>Net Change in Fund Balances</b>	-	46	-	(28)
<b>Fund Balances (Deficits) - Beginning</b>	<u>45</u>	<u>(1)</u>	<u>-</u>	<u>(3)</u>
<b>Fund Balances (Deficits) - Ending</b>	<u>\$ 45</u>	<u>\$ 45</u>	<u>\$ -</u>	<u>\$ (31)</u>

<u>2000A Revenue Note</u>	<u>2001 Revenue Note</u>	<u>2001A Revenue Note</u>	<u>Total Nonmajor Debt Service Funds</u>
\$ 45	\$ 275	\$ 75	\$ 531
<u>45</u>	<u>275</u>	<u>75</u>	<u>531</u>
301	1,001	475	2,120
357	143	60	1,487
<u>658</u>	<u>1,144</u>	<u>535</u>	<u>3,607</u>
<u>(613)</u>	<u>(869)</u>	<u>(460)</u>	<u>(3,076)</u>
658	935	446	3,286
-	-	-	(95)
<u>658</u>	<u>935</u>	<u>446</u>	<u>3,191</u>
45	66	(14)	115
8	8	13	70
<u>\$ 53</u>	<u>\$ 74</u>	<u>\$ (1)</u>	<u>\$ 185</u>

**CITY OF KISSIMMEE, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**FmHA BOND**  
For the Year Ended September 30, 2008  
**(In Thousands)**

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
<b>REVENUES</b>			
Investment Income	\$ -	\$ -	\$ -
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>			
Debt Service			
Principal Retirement	23	23	-
Interest and Fiscal Charges	<u>22</u>	<u>22</u>	<u>-</u>
<b>Total Expenditures</b>	<u>45</u>	<u>45</u>	<u>-</u>
<b>(Deficiency) of Revenues</b>			
<b>(Under) Expenditures</b>	<u>(45)</u>	<u>(45)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers In	<u>45</u>	<u>45</u>	<u>-</u>
<b>Total Other Financing Sources</b>	<u>45</u>	<u>45</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	-	-	-
<b>Fund Balance - Beginning</b>	<u>-</u>	<u>45</u>	<u>45</u>
<b>Fund Balance - Ending</b>	<u>\$ -</u>	<u>\$ 45</u>	<u>\$ 45</u>

**CITY OF KISSIMMEE, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**2005 REVENUE NOTE**  
For the Year Ended September 30, 2008  
**(In Thousands)**

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
<b>REVENUES</b>			
Investment Income	\$ 2	\$ 52	\$ 50
<b>Total Revenues</b>	<u>2</u>	<u>52</u>	<u>50</u>
<b>EXPENDITURES</b>			
Debt Service			
Interest and Fiscal Charges	406	409	3
Professional Fees	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>406</u>	<u>409</u>	<u>3</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(404)</u>	<u>(357)</u>	<u>47</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers In	<u>406</u>	<u>403</u>	<u>(3)</u>
<b>Total Other Financing Sources</b>	<u>406</u>	<u>403</u>	<u>(3)</u>
<b>Net Change in Fund Balance</b>	2	46	44
<b>Fund Balance (Deficit) - Beginning</b>	<u>(2)</u>	<u>(1)</u>	<u>1</u>
<b>Fund Balance - Ending</b>	<u>\$ -</u>	<u>\$ 45</u>	<u>\$ 45</u>

**CITY OF KISSIMMEE, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**2006 REVENUE NOTE**  
For the Year Ended September 30, 2008  
**(In Thousands)**

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
<b>REVENUES</b>			
Investment Income	\$ 2	\$ 85	\$ 83
<b>Total Revenues</b>	<u>2</u>	<u>85</u>	<u>83</u>
<b>EXPENDITURES</b>			
Debt Service			
Principal Retirement	320	320	-
Interest and Fiscal Charges	339	342	3
Professional Fees	-	-	-
<b>Total Expenditures</b>	<u>659</u>	<u>662</u>	<u>3</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(657)</u>	<u>(577)</u>	<u>80</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers In	659	549	(110)
<b>Total Other Financing Sources</b>	<u>659</u>	<u>549</u>	<u>(110)</u>
<b>Net Change in Fund Balance</b>	2	(28)	(30)
<b>Fund Balance (Deficit) - Beginning</b>	<u>(2)</u>	<u>(3)</u>	<u>(1)</u>
<b>Fund Balance (Deficit) - Ending</b>	<u>\$ -</u>	<u>\$ (31)</u>	<u>\$ (31)</u>

**CITY OF KISSIMMEE, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**2000A REVENUE NOTE**  
For the Year Ended September 30, 2008  
**(In Thousands)**

	<u>Budget</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Budget -</u> <u>Over (Under)</u>
<b>REVENUES</b>			
Investment Income	\$ 8	\$ 45	\$ 37
<b>Total Revenues</b>	<u>8</u>	<u>45</u>	<u>37</u>
<b>EXPENDITURES</b>			
Debt service			
Principal Retirement	301	301	-
Interest and Fiscal Charges	363	357	(6)
Professional Fees	-	-	-
<b>Total Expenditures</b>	<u>664</u>	<u>658</u>	<u>1,322</u>
<b>(Deficiency) of Revenues</b>			
<b>(Under) Expenditures</b>	<u>(656)</u>	<u>(613)</u>	<u>43</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers In	<u>650</u>	<u>658</u>	<u>8</u>
<b>Total Other Financing Sources</b>	<u>650</u>	<u>658</u>	<u>8</u>
<b>Net Change in Fund Balance</b>	(6)	45	51
<b>Fund Balance - Beginning</b>	<u>9</u>	<u>8</u>	<u>(1)</u>
<b>Fund Balance - Ending</b>	<u>\$ 3</u>	<u>\$ 53</u>	<u>\$ 50</u>

**CITY OF KISSIMMEE, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**2001 REVENUE NOTE**  
For the Year Ended September 30, 2008  
**(In Thousands)**

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
<b>REVENUES</b>			
Investment Income	\$ 2	\$ 275	\$ 273
<b>Total Revenues</b>	<u>2</u>	<u>275</u>	<u>273</u>
<b>EXPENDITURES</b>			
Debt Service			
Principal Retirement	1,001	1,001	-
Interest and Fiscal Charges	124	143	19
Professional Fees	-	-	-
<b>Total Expenditures</b>	<u>1,125</u>	<u>1,144</u>	<u>19</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(1,123)</u>	<u>(869)</u>	<u>254</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers In	<u>1,125</u>	<u>935</u>	<u>(190)</u>
<b>Total Other Financing Sources</b>	<u>1,125</u>	<u>935</u>	<u>(190)</u>
<b>Net Change in Fund Balance</b>	2	66	64
<b>Fund Balance - Beginning</b>	<u>(2)</u>	<u>8</u>	<u>10</u>
<b>Fund Balance - Ending</b>	<u>\$ -</u>	<u>\$ 74</u>	<u>\$ 74</u>

**CITY OF KISSIMMEE, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**2001A REVENUE NOTE**  
For the Year Ended September 30, 2008  
**(In Thousands)**

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
<b>REVENUES</b>			
Investment Income	\$ 2	\$ 75	\$ 73
<b>Total Revenues</b>	<u>2</u>	<u>75</u>	<u>73</u>
<b>EXPENDITURES</b>			
Debt Service			
Principal Retirement	475	475	-
Interest and Fiscal Charges	63	60	(3)
Professional Fees	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>538</u>	<u>535</u>	<u>(3)</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(536)</u>	<u>(460)</u>	<u>76</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers In	<u>535</u>	<u>446</u>	<u>(89)</u>
<b>Total Other Financing Sources</b>	<u>535</u>	<u>446</u>	<u>(89)</u>
<b>Net Change in Fund Balance</b>	(1)	(14)	(13)
<b>Fund Balance - Beginning</b>	<u>1</u>	<u>13</u>	<u>12</u>
<b>Fund Balance (Deficit) - Ending</b>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ (1)</u>

**CITY OF KISSIMMEE, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
September 30, 2008  
(In Thousands)

	<u>2006 Capital Construction Note Project</u>	<u>Sales Tax 1999 Project</u>	<u>Community Redevelopment Project</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>ASSETS</b>				
<b>Restricted Assets</b>				
Cash and Cash Equivalents	\$ 294	\$ 451	\$ -	\$ 745
Investments	<u>36</u>	<u>56</u>	<u>-</u>	<u>92</u>
<b>Total Restricted Assets</b>	<u>\$ 330</u>	<u>\$ 507</u>	<u>\$ -</u>	<u>\$ 837</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 3	\$ 203	\$ 206
Due to Other Funds	<u>-</u>	<u>-</u>	<u>487</u>	<u>487</u>
<b>Total Liabilities</b>	<u>-</u>	<u>3</u>	<u>690</u>	<u>693</u>
<b>FUND BALANCES (DEFICIT)</b>				
Reserves:				
Reserved for Capital Projects	330	504	-	834
Unreserved (Deficit)	<u>-</u>	<u>-</u>	<u>(690)</u>	<u>(690)</u>
<b>Total Fund Balances (Deficit)</b>	<u>330</u>	<u>504</u>	<u>(690)</u>	<u>144</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 330</u>	<u>\$ 507</u>	<u>\$ -</u>	<u>\$ 837</u>

**CITY OF KISSIMMEE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
For the Year Ended September 30, 2008  
**(In Thousands)**

	<b>2006 Capital Construction Note Project</b>	<b>Sales Tax 1999 Project</b>	<b>Community Redevelopment Project</b>	<b>Total Nonmajor Capital Projects Funds</b>
<b>REVENUES</b>				
Investment Income	\$ 387	\$ 107	\$ 2	\$ 496
<b>Total Revenues</b>	<u>387</u>	<u>107</u>	<u>2</u>	<u>496</u>
<b>EXPENDITURES</b>				
Capital Outlay	764	3	638	1,405
<b>Total Expenditures</b>	<u>764</u>	<u>3</u>	<u>638</u>	<u>1,405</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(377)</u>	<u>104</u>	<u>(636)</u>	<u>(909)</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>				
Transfers (Out)	(208)	-	(250)	(458)
Issuance of Notes Payable	-	-	316	316
<b>Total Other Financing Sources and (Uses)</b>	<u>(208)</u>	<u>-</u>	<u>66</u>	<u>(142)</u>
<b>Net Change in Fund Balances</b>	(585)	104	(570)	(1,051)
<b>Fund Balances (Deficit) - Beginning</b>	<u>915</u>	<u>400</u>	<u>(120)</u>	<u>1,195</u>
<b>Fund Balances (Deficit) - Ending</b>	<u>\$ 330</u>	<u>\$ 504</u>	<u>\$ (690)</u>	<u>\$ 144</u>

**CITY OF KISSIMMEE, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**2006 CAPITAL CONSTRUCTION NOTE PROJECT**  
For the Year Ended September 30, 2008  
**(In Thousands)**

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
<b>REVENUES</b>			
Investment Income	\$ -	\$ 387	\$ 387
<b>Total Revenues</b>	<u>-</u>	<u>387</u>	<u>387</u>
<b>EXPENDITURES</b>			
Capital Outlay	<u>2,915</u>	<u>764</u>	<u>(2,151)</u>
<b>Total Expenditures</b>	<u>2,915</u>	<u>764</u>	<u>(2,151)</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(2,915)</u>	<u>(377)</u>	<u>2,538</u>
<b>OTHER FINANCING (USES)</b>			
Transfers (Out)	<u>(208)</u>	<u>(208)</u>	<u>-</u>
<b>Total Other Financing (Uses)</b>	<u>(208)</u>	<u>(208)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>(3,123)</u>	<u>(585)</u>	<u>2,538</u>
<b>Fund Balance - Beginning</b>	<u>3,123</u>	<u>915</u>	<u>(2,208)</u>
<b>Fund Balance - Ending</b>	<u>\$ -</u>	<u>\$ 330</u>	<u>\$ 330</u>

**CITY OF KISSIMMEE, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**SALES TAX 1999 PROJECT**  
For the Year Ended September 30, 2008  
**(In Thousands)**

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
<b>REVENUES</b>			
Investment Income	\$ -	\$ 107	\$ 107
<b>Total Revenues</b>	<u>-</u>	<u>107</u>	<u>107</u>
<b>EXPENDITURES</b>			
Capital Outlay	<u>26</u>	<u>3</u>	<u>(23)</u>
<b>Total Expenditures</b>	<u>26</u>	<u>3</u>	<u>(23)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(26)</u>	<u>104</u>	<u>130</u>
<b>Net Change in Fund Balance</b>	(26)	104	130
<b>Fund Balance - Beginning</b>	<u>26</u>	<u>400</u>	<u>374</u>
<b>Fund Balance - Ending</b>	<u>\$ -</u>	<u>\$ 504</u>	<u>\$ 504</u>

**CITY OF KISSIMMEE, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**COMMUNITY REDEVELOPMENT PROJECT**  
For the Year Ended September 30, 2008  
**(In Thousands)**

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
<b>REVENUES</b>			
Investment Income	\$ -	\$ 2	\$ 2
<b>Total Revenues</b>	<u>-</u>	<u>2</u>	<u>2</u>
<b>EXPENDITURES</b>			
General Government			
Operating	32	-	(32)
Capital Outlay	-	638	638
<b>Total Expenditures</b>	<u>32</u>	<u>638</u>	<u>606</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(32)</u>	<u>(636)</u>	<u>(604)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (Out)	-	(250)	(250)
Issuance of Notes Payable	-	316	316
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>66</u>	<u>66</u>
<b>Net Change in Fund Balance</b>	(32)	(570)	(538)
<b>Fund Balance (Deficit) - Beginning</b>	<u>32</u>	<u>(120)</u>	<u>(152)</u>
<b>Fund Balance (Deficit) - Ending</b>	<u>\$ -</u>	<u>\$ (690)</u>	<u>\$ (690)</u>

## **INTERNAL SERVICE FUNDS**

The City has two internal service funds. These funds are used to accumulate costs related to various activities and charge them back to user departments. They are as follows:

### **Central Services**

This fund accounts for costs associated with central services which include information technology, purchasing, warehouse, garage, building maintenance, and printing. Charges for services to other departments are based on actual costs incurred.

### **Risk Management**

This fund accounts for the City's risk management program. Costs include all insurance costs, self-insurance claims expenses, and administrative costs. Charges for services are made to other departments based on estimated premiums.

**CITY OF KISSIMMEE, FLORIDA**  
**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
September 30, 2008  
(In Thousands)

	<u>Central Services</u>	<u>Risk Management</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 1,482	\$ 5,333	\$ 6,815
Investments	183	659	842
Accounts Receivable (net)	8	-	8
Due From KUA	5	-	5
Due From TWA	2	148	150
Prepays	110	-	110
Inventories	191	-	191
<b>Total Current Assets</b>	<u>1,981</u>	<u>6,140</u>	<u>8,121</u>
Capital Assets:			
Land	140	-	140
Buildings	59	-	59
Improvements Other Than Building	2,066	75	2,141
Machinery, Equipment and Vehicles	1,216	465	1,681
Construction in Progress	39	-	39
Less Accumulated Depreciation	(3,476)	(281)	(3,757)
<b>Total Capital Assets</b>	<u>44</u>	<u>259</u>	<u>303</u>
<b>Total Assets</b>	<u>2,025</u>	<u>6,399</u>	<u>8,424</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	297	2	299
Accrued Liabilities	50	-	50
Compensated Absences Payable	30	-	30
Estimated Claims Payable	-	1,401	1,401
<b>Total Current Liabilities</b>	<u>377</u>	<u>1,403</u>	<u>1,780</u>
Noncurrent Liabilities:			
Compensated Absences Payable	70	-	70
Estimated Claims Payable	-	1,401	1,401
<b>Total Noncurrent Liabilities</b>	<u>70</u>	<u>1,401</u>	<u>1,471</u>
<b>Total Liabilities</b>	<u>447</u>	<u>2,804</u>	<u>3,251</u>
<b>NET ASSETS</b>			
Invested in Capital Assets	44	259	303
Unrestricted	1,534	3,336	4,870
<b>Total Net Assets</b>	<u>\$ 1,578</u>	<u>\$ 3,595</u>	<u>\$ 5,173</u>

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**CITY OF KISSIMMEE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
For The Year Ended September 30, 2008  
**(In Thousands)**

	<b>Central Services</b>	<b>Risk Management</b>	<b>Total</b>
<b>Operating Revenues:</b>			
Charges for Services	\$ 4,738	\$ 2,620	\$ 7,358
<b>Total Operating Revenues</b>	<u>4,738</u>	<u>2,620</u>	<u>7,358</u>
<b>Operating Expenses:</b>			
Personal Services	2,237	52	2,289
Contracted Services	27	61	88
Supplies and Materials	273	-	273
Repairs and Maintenance	1,325	89	1,414
Other Services and Charges	487	180	667
Depreciation	100	21	121
Claims/Premium Expense	-	3,104	3,104
<b>Total Operating Expenses</b>	<u>4,449</u>	<u>3,507</u>	<u>7,956</u>
<b>Operating Income (Loss)</b>	<u>289</u>	<u>(887)</u>	<u>(598)</u>
<b>Nonoperating Revenues:</b>			
Investment Income	482	2,561	3,043
Proceeds from Sale of Capital Assets	2	-	2
Insurance Recoveries	-	85	85
<b>Total Nonoperating Revenues</b>	<u>484</u>	<u>2,646</u>	<u>3,130</u>
<b>Change in Net Assets</b>	773	1,759	2,532
<b>Total Net Assets - Beginning</b>	<u>805</u>	<u>1,836</u>	<u>2,641</u>
<b>Total Net Assets - Ending</b>	<u>\$ 1,578</u>	<u>\$ 3,595</u>	<u>\$ 5,173</u>

**CITY OF KISSIMMEE, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
For The Year Ended September 30, 2008  
(In Thousands)

	<u>Central</u>	<u>Risk</u>	
	<u>Services</u>	<u>Management</u>	<u>Total</u>
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers and Users	\$ 4,733	\$ 2,474	\$ 7,207
Payments to Suppliers	(2,119)	(2,770)	(4,889)
Payments to Employees	(2,217)	(58)	(2,275)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>397</u>	<u>(354)</u>	<u>43</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition/Construction of Capital Assets	(49)	-	(49)
Proceeds from Sales of Capital Assets	2	-	2
Proceeds from Insurance Recoveries	-	85	85
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(47)</u>	<u>85</u>	<u>38</u>
<b>Cash Flows from Investing Activities</b>			
(Purchase) of investments	(15)	-	(15)
Proceeds from sale and maturity of investments	-	88	88
Gain on Investments	482	2,561	3,043
<b>Net Cash Provided by Investing Activities</b>	<u>467</u>	<u>2,649</u>	<u>3,116</u>
<b>Net Increase in Cash and Cash Equivalents</b>	817	2,380	3,197
Cash and Cash Equivalents at Beginning of Year	<u>665</u>	<u>2,953</u>	<u>3,618</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 1,482</u>	<u>\$ 5,333</u>	<u>\$ 6,815</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
Operating Income (Loss)	\$ 289	\$ (887)	\$ (598)
Depreciation	100	21	121
Change in Assets and Liabilities:			
(Increase) Decrease in Due from KUA	(3)	-	(3)
(Increase) Decrease in Due from TWA	55	(146)	(91)
(Increase) Decrease in Accounts Receivable	(2)	-	(2)
(Increase) Decrease in Prepaids	(110)	-	(110)
(Increase) Decrease in Inventories	(30)	-	(30)
Increase (Decrease) in Accounts Payable	78	(34)	44
Increase (Decrease) in Accrued Liabilities	13	(2)	11
Increase (Decrease) in Claims Payable	-	698	698
Increase (Decrease) in Compensated Absences	7	(4)	3
<b>Total Adjustments</b>	<u>108</u>	<u>533</u>	<u>641</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 397</u>	<u>\$ (354)</u>	<u>\$ 43</u>

There are no noncash investing, capital, and financing activities.

**City of Kissimmee, Florida**  
**Statistical Section**  
**September 30, 2008**

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

**Financial Trends**

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

**Revenue Capacity**

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

**Debt Capacity**

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

**Demographic and Economic Information**

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

**Operating Information**

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

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant years. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

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Schedule 1  
City of Kissimmee, Florida

**NET ASSETS BY COMPONENT**  
*(accrual basis of accounting)*  
*(dollar amounts are expressed in thousands)*

Last Six Fiscal Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b><u>Governmental activities</u></b>						
Invested in capital assets, net of related debt	\$ 66,828	\$ 75,368	\$ 81,187	\$ 73,416	\$ 96,296	\$ 110,615
Restricted	17,339	13,170	15,706	19,106	10,346	15,367
Unrestricted	16,173	19,389	19,132	16,778	8,424	16,184
Total governmental activities net assets	<u>\$ 100,340</u>	<u>\$ 107,927</u>	<u>\$ 116,025</u>	<u>\$ 109,300</u>	<u>\$ 115,066</u>	<u>\$ 142,166</u>
<b><u>Business-type activities</u></b>						
Invested in capital assets, net of related debt	\$ 216,663	\$ 14,409	\$ 17,558	\$ 18,391	\$ 24,381	\$ 27,711
Restricted	3	-	-	-	740	685
Unrestricted	71,104	1,955	2,203	2,307	1,040	3,130
Total business-type activities net assets	<u>\$ 287,770</u>	<u>\$ 16,364</u>	<u>\$ 19,761</u>	<u>\$ 20,698</u>	<u>\$ 26,161</u>	<u>\$ 31,526</u>
<b><u>Primary government</u></b>						
Invested in capital assets, net of related debt	\$ 283,491	\$ 89,777	\$ 98,745	\$ 91,807	\$ 120,677	\$ 138,326
Restricted	17,342	13,170	15,706	19,106	11,086	16,052
Unrestricted	87,277	21,344	21,335	19,085	9,464	19,314
Total primary government net assets	<u>\$ 388,110</u>	<u>\$ 124,291</u>	<u>\$ 135,786</u>	<u>\$ 129,998</u>	<u>\$ 141,227</u>	<u>\$ 173,692</u>

**Schedule 2**  
**City of Kissimmee, Florida**

**CHANGES IN NET ASSETS**  
*(accrual basis of accounting)*  
*(dollar amounts are expressed in thousands)*

**Last Six Fiscal Years**

	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b><u>Expenses</u></b>						
Governmental activities:						
General government	\$ 13,752	\$ 16,486	\$ 18,949	\$ 19,755	\$ 25,795	\$ 24,294
Public safety	18,983	20,699	25,344	33,942	29,623	30,949
Physical environment	400	2,028	2,531	1,989	1,500	82
Transportation	7,284	9,783	6,317	5,948	370	2,724
Economic environment	9	24	11	-	1,663	2,663
Human services	-	-	-	-	-	-
Culture/Recreation	5,411	5,246	5,830	6,339	6,840	8,162
Interest on long-term debt	912	1,144	1,352	558	1,572	1,531
Total governmental activities expenses	<u>\$ 46,751</u>	<u>\$ 55,410</u>	<u>\$ 60,334</u>	<u>\$ 68,531</u>	<u>\$ 67,363</u>	<u>\$ 70,405</u>
Business-type activities:						
Water resources	\$ 25,270	\$ -	\$ -	\$ -	\$ -	\$ -
Stormwater	-	-	1,721	1,992	3,771	2,805
Airport	744	558	707	781	887	967
Solid waste	2,497	3,106	2,938	3,321	2,221	3,827
Total business-type activities expenses	<u>\$ 28,511</u>	<u>\$ 3,664</u>	<u>\$ 5,366</u>	<u>\$ 6,094</u>	<u>\$ 6,879</u>	<u>\$ 7,599</u>
Total primary government net assets	<u>\$ 75,262</u>	<u>\$ 59,074</u>	<u>\$ 65,700</u>	<u>\$ 74,625</u>	<u>\$ 74,242</u>	<u>\$ 78,004</u>
<b><u>Program revenues</u></b>						
Governmental activities:						
Charges for services - general government	\$ 2,417	\$ 2,195	\$ 5,913	\$ 6,304	\$ 15,532	\$ 13,384
Charges for services - public safety	3,293	3,595	5,018	6,195	4,282	5,653
Charges for services - all other functions	9,596	12,690	3,106	1,777	4,606	2,746
Operating grants and contributions	200	5,905	3,053	971	2,839	2,592
Capital grants and contributions	2,247	2,880	1,468	2,493	3,227	2,299
Total governmental activities program revenues	<u>\$ 17,753</u>	<u>\$ 27,265</u>	<u>\$ 18,558</u>	<u>\$ 17,740</u>	<u>\$ 30,486</u>	<u>\$ 26,674</u>
Business-type activities:						
Charges for services - stormwater	\$ -	\$ -	\$ 1,238	\$ 1,852	\$ 2,175	\$ 3,317
Charges for services - airport	668	746	743	858	859	890
Charges for services - solid waste	2,484	2,501	3,163	3,230	3,669	3,772
Charges for services - water resources	28,559	-	-	-	-	-
Operating grants and contributions	-	-	-	25	-	-
Capital grants and contributions	30,498	1,849	3,007	1,860	4,811	4,164
Total business-type activities program revenues	<u>\$ 62,209</u>	<u>\$ 5,096</u>	<u>\$ 8,151</u>	<u>\$ 7,825</u>	<u>\$ 11,514</u>	<u>\$ 12,143</u>
Total primary government program revenues	<u>\$ 79,962</u>	<u>\$ 32,361</u>	<u>\$ 26,709</u>	<u>\$ 25,565</u>	<u>\$ 42,000</u>	<u>\$ 38,817</u>
<b><u>Net (expense) / revenue</u></b>						
Governmental activities	\$ (28,998)	\$ (28,145)	\$ (41,776)	\$ (50,791)	\$ (36,877)	\$ (43,731)
Business-type activities	33,698	1,432	2,785	1,731	4,635	4,544
Total primary government net expense	<u>\$ 4,700</u>	<u>\$ (26,713)</u>	<u>\$ (38,991)</u>	<u>\$ (49,060)</u>	<u>\$ (32,242)</u>	<u>\$ (39,187)</u>

Continued next page

**Schedule 2**  
**City of Kissimmee, Florida**

**CHANGES IN NET ASSETS**  
*(accrual basis of accounting)*  
*(dollar amounts are expressed in thousands)*

**Last Six Fiscal Years**

	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b><u>General revenues and other changes in net assets</u></b>						
Governmental activities:						
Property tax	\$ 7,673	\$ 8,410	\$ 9,542	\$ 14,480	\$ 19,219	\$ 15,405
Sales tax	8,972	9,663	11,139	10,759	10,015	9,992
Public service tax	5,271	4,939	5,795	6,105	6,297	6,490
Gas tax	1,909	2,106	2,583	2,697	2,656	2,430
State revenue sharing	1,315	1,433	1,941	1,890	1,851	1,708
Other taxes	-	-	-	-	-	1,273
Franchise taxes <sup>(1)(2)</sup>	105	97	89	77	-	-
Unrestricted intergovernmental revenues	4,089	4,151	13,363	14,043	13,670	13,610
Investment income (loss)	250	4,301	2,416	(1,464)	(11,504)	18,744
Miscellaneous revenues	256	632	3,618	1,920	1,519	951
Transfers in (out)	3,165	-	(612)	429	(1,080)	228
<b>Total governmental activities</b>	<b>\$ 33,005</b>	<b>\$ 35,732</b>	<b>\$ 49,874</b>	<b>\$ 50,936</b>	<b>\$ 42,643</b>	<b>\$ 70,831</b>
Business-type activities:						
Investment income (loss)	\$ 922	\$ 177	\$ -	\$ 56	\$ (252)	\$ 1,049
Gain on sale of capital assets	7,732	-	-	-	-	-
Miscellaneous revenues	-	-	-	-	-	-
Transfers in (out)	(3,165)	-	612	(429)	1,080	(228)
<b>Total business-type activities</b>	<b>\$ 5,489</b>	<b>\$ 177</b>	<b>\$ 612</b>	<b>\$ (373)</b>	<b>\$ 828</b>	<b>\$ 821</b>
<b>Total primary government</b>	<b>\$ 38,494</b>	<b>\$ 35,909</b>	<b>\$ 50,486</b>	<b>\$ 50,563</b>	<b>\$ 43,471</b>	<b>\$ 71,652</b>
<b><u>Change in net assets</u></b>						
Governmental activities	\$ 4,007	\$ 7,587	\$ 8,098	\$ 145	\$ 5,766	\$ 27,100
Business-type activities	39,187	1,609	3,397	1,358	5,463	5,365
	<b>\$ 43,194</b>	<b>\$ 9,196</b>	<b>\$ 11,495</b>	<b>\$ 1,503</b>	<b>\$ 11,229</b>	<b>\$ 32,465</b>

(1) Franchise taxes not reported separately after 2006.

(2) Franchise fees not reported as taxes after 2007.

**Schedule 3**  
**City of Kissimmee, Florida**

**FUND BALANCES, GOVERNMENTAL FUNDS**  
*(modified accrual basis of accounting)*  
*(dollar amounts are expressed in thousands)*

**Last Ten Fiscal Years**

	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
<b><u>General fund</u></b>						
Reserved	\$ 248	\$ 441	\$ 285	\$ 726	\$ 6	\$ 27
Unreserved	13,115	14,792	15,229	15,087	13,652	7,818
Total general fund	<u>\$ 13,363</u>	<u>\$ 15,233</u>	<u>\$ 15,514</u>	<u>\$ 15,813</u>	<u>\$ 13,658</u>	<u>\$ 7,845</u>
<b><u>All other governmental funds</u></b>						
Reserved	\$ 4,289	\$ 1,329	\$ 1,589	\$ 1,018	\$ 1,441	\$ 1,196
Unreserved (deficit), reported in:						
Special revenue funds	12,109	13,385	16,823	17,019	7,090	103
Debt service funds	-	-	-	-	-	-
Capital projects funds	1,486	374	1,653	2,066	1,815	400
Total all other governmental funds	<u>\$ 17,884</u>	<u>\$ 15,088</u>	<u>\$ 20,065</u>	<u>\$ 20,103</u>	<u>\$ 10,346</u>	<u>\$ 1,699</u>

<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
\$ 299	\$ 60	\$ 318	\$ 217
12,564	10,998	9,867	13,567
<b>\$ 12,863</b>	<b>\$ 11,058</b>	<b>\$ 10,185</b>	<b>\$ 13,784</b>
\$ 590	\$ 22,552	\$ 17,140	\$ 19,592
19	(1,167)	(1,868)	1,055
(24)	(85)	-	(32)
351	(126)	(120)	(690)
<b>\$ 936</b>	<b>\$ 21,174</b>	<b>\$ 15,152</b>	<b>\$ 19,925</b>

**Schedule 4**  
**City of Kissimmee, Florida**

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
*(modified accrual basis of accounting)*  
*(dollar amounts are expressed in thousands)*

**Last Ten Fiscal Years**

	1999	2000	2001	2002	2003	2004
<b>Revenues</b>						
Taxes	\$ 15,844	\$ 16,939	\$ 17,500	\$ 18,984	\$ 20,342	\$ 21,358
Special assessments	121	67	63	47	256	243
Impact fees	704	821	630	484	1,238	1,262
Permits and fees	827	772	851	936	1,249	1,476
Intergovernmental revenues	12,151	13,277	15,383	14,032	17,499	22,374
Charges for services	3,813	3,709	4,179	4,441	5,014	4,875
Fines and forfeitures	581	993	1,012	961	736	754
Investment income (loss)	-	-	-	-	245	3,840
Miscellaneous revenues	1,244	1,248	4,677	1,797	376	632
<b>Total revenues</b>	<b>\$ 35,285</b>	<b>\$ 37,826</b>	<b>\$ 44,295</b>	<b>\$ 41,682</b>	<b>\$ 46,955</b>	<b>\$ 56,814</b>
<b>Expenditures</b>						
General government	\$ 11,279	\$ 8,282	\$ 9,901	\$ 9,286	\$ 14,695	\$ 13,477
Public safety	12,765	15,434	16,693	18,741	19,617	24,106
Physical environment	-	-	-	-	400	2,028
Transportation	5,838	8,131	5,785	7,402	9,913	13,782
Economic environment	779	1,455	390	582	9	24
Human services	-	-	-	-	-	-
Culture/Recreation	3,935	4,459	6,243	5,715	5,887	6,995
Debt service:						
Principal retirement	2,707	2,656	3,267	2,564	2,812	2,588
Interest and fiscal charges	-	-	-	-	1,011	1,242
Capital Outlay	-	-	-	-	67	77
<b>Total expenditures</b>	<b>\$ 37,303</b>	<b>\$ 40,417</b>	<b>\$ 42,279</b>	<b>\$ 44,290</b>	<b>\$ 54,411</b>	<b>\$ 64,319</b>
Excess of revenues over (under) expenditures	\$ (2,018)	\$ (2,591)	\$ 2,016	\$ (2,608)	\$ (7,456)	\$ (7,505)
<b>Other financing sources (uses)</b>						
Transfers in	\$ 11,292	\$ 8,881	\$ 11,708	\$ 16,310	\$ 13,876	\$ -
Operating transfers to/from primary govt	-	-	-	(13,575)	-	-
Transfers (out)	(8,920)	(6,179)	(8,873)	-	(10,699)	-
Operating transfers from component unit	5	6	-	-	-	-
Issuance of notes payable	-	-	-	-	-	-
Issuance of capital lease	-	-	-	-	-	-
Payment to bond escrow agent	-	-	-	-	-	-
Payment to currently refund notes	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>\$ 2,377</b>	<b>\$ 2,708</b>	<b>\$ 2,835</b>	<b>\$ 2,735</b>	<b>\$ 3,177</b>	<b>\$ -</b>
<b>Net change in fund balances</b>	<b>\$ 359</b>	<b>\$ 117</b>	<b>\$ 4,851</b>	<b>\$ 127</b>	<b>\$ (4,279)</b>	<b>\$ (7,505)</b>
Debt service as a percentage of non-capital expenditures	11.4%	11.8%	11.8%	11.5%	8.7%	7.3%

	2005	2006	2007	2008
\$	24,912	\$ 29,602	\$ 34,022	\$ 31,453
	608	164	108	220
	995	856	2,665	870
	1,399	982	1,155	2,299
	31,921	28,135	32,874	29,431
	6,245	6,919	6,831	5,154
	604	1,191	616	653
	2,015	(1,465)	(10,299)	15,701
	726	1,088	1,041	931
\$	69,425	\$ 67,472	\$ 69,013	\$ 86,712
\$	13,524	\$ 16,499	\$ 18,373	\$ 17,197
	25,687	30,163	32,893	32,966
	2,531	1,893	789	82
	9,763	13,099	12,420	11,329
	11	-	1,663	2,223
	-	-	-	-
	7,425	6,568	7,917	8,837
	2,279	1,764	2,207	2,316
	1,271	1,133	1,576	1,531
	897	-	10,019	2,534
\$	63,388	\$ 71,119	\$ 87,857	\$ 79,015
\$	6,037	\$ (3,647)	\$ (18,844)	\$ 7,697
\$	10,191	\$ 12,074	\$ 16,337	\$ 14,458
	-	-	-	-
	(10,803)	(12,874)	(17,412)	(14,230)
	-	-	-	-
	927	10,570	12,750	316
	-	708	274	131
	-	-	-	-
	-	-	-	-
\$	315	\$ 10,478	\$ 11,949	\$ 675
\$	6,352	\$ 6,831	\$ (6,895)	\$ 8,372
	6.7%	5.1%	6.2%	6.7%

**Schedule 5  
City of Kissimmee, Florida**

**ASSESSED AND ACTUAL VALUE OF TAXABLE PROPERTY**

**Last Ten Fiscal Years**

*(dollar amounts are expressed in thousands)*

<b>Fiscal Year</b>	<b>Assessed Values</b>			<b>Less: Tax Exempt Property</b>	<b>Total Taxable Assessed Value</b>
	<b>Real Property</b>	<b>Personal Property</b>	<b>Total</b>		
1999	\$ 1,410,338	\$ 172,908	\$ 1,583,246	\$ 352,311	\$ 1,230,935
2000	1,525,503	422,206	1,947,709	623,485	1,324,224
2001	1,678,936	428,960	2,107,896	645,538	1,462,358
2002	1,921,562	437,878	2,359,440	728,200	1,631,240
2003	2,095,599	275,271	2,370,870	609,903	1,760,967
2004	2,244,433	292,546	2,536,979	622,230	1,914,749
2005	2,540,529	299,735	2,840,264	709,296	2,130,968
2006	2,992,078	422,169	3,414,247	924,602	2,489,645
2007	4,074,328	242,664	4,316,992	1,023,075	3,293,917
2008	5,071,750	255,499	5,327,249	1,533,362	3,793,887

**Source:** Osceola County Property Appraiser's Office.

**Note:** Property is reassessed each year by the Osceola County Property Appraiser. Property is assessed at actual value, therefore the assessed values are equal to the actual values. Tax rates are per \$1,000 of assessed valuation.

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<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value as a Percentage of Actual Value</b>
4.5453	\$ 1,230,935	128.621%
4.5453	1,324,224	147.083%
4.2953	1,462,358	144.144%
4.2953	1,631,240	144.641%
4.2953	1,760,967	134.635%
4.2953	1,914,749	132.497%
4.2953	2,130,968	133.285%
5.5453	2,489,645	137.138%
5.5453	3,293,917	131.060%
3.7058	3,793,887	140.417%

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**Schedule 6  
City of Kissimmee, Florida**

**DIRECT AND OVERLAPPING PROPERTY TAX RATES**

**Last Ten Fiscal Years**

*(Per \$1,000 of Assessed Taxable Value)*

Fiscal Year	City of Kissimmee Florida	Osceola County			Okeechobee and Everglades Basins	South Florida Water Mgmt. Dist.	Total
		Government	Library	School Board			
1999	4.545	5.995	0.500	9.773	0.413	0.284	21.510
2000	4.545	5.995	0.500	9.270	0.413	0.284	21.007
2001	4.295	5.995	0.500	9.231	0.413	0.284	20.718
2002	4.295	5.995	0.500	8.871	0.413	0.284	20.358
2003	4.295	5.995	0.500	8.812	0.413	0.284	20.299
2004	4.295	5.995	0.500	8.798	0.413	0.284	20.285
2005	4.295	5.995	0.500	8.514	0.413	0.284	20.001
2006	5.545	5.995	0.500	8.367	0.413	0.284	21.104
2007	5.545	5.995	0.500	8.251	0.413	0.284	20.988
2008	3.705	4.982	0.415	7.772	0.369	0.255	17.498

**Source:** Osceola County Tax Collector's Office.

**Schedule 7  
City of Kissimmee, Florida**

**PRINCIPAL PROPERTY TAXPAYERS  
(dollar amounts are expressed in thousands)**

**Current Year and Nine Years Ago**

Property Description	Use	Taxpayer	Fiscal Year 2007 / 2008 (a)		
			Taxable Value	Percent of Total Taxable Value	Rank
Local hospital	Medical care	Osceola Regional Hospital, Inc.	\$ 85,731	24.62%	1
Condominiums	Timeshare sales	Oak Plantation Realty Partners	51,227	14.71%	2
Retail store	Merchandising	Wal-Mart Stores, Inc.	34,947	10.04%	3
Apartment complex	Rentals	Alliance HTFL Ltd Partnership	30,592	8.79%	4
Retail store	Communications	Embarq (Sprint) Florida, Inc.	28,388	8.15%	5
Condominiums	Sales/Rentals	Legacy Park Horizons LLC	28,099	8.07%	6
Apartment complex	Rentals	Sendera Apartments LLC	24,055	6.91%	7
		G&I VI Vinyards LLC	22,710	6.52%	8
Apartment complex	Rentals	Reef Club Apartments	22,215	6.38%	9
Condominiums	Timeshare donated	Give Kids The World Inc	20,192	5.80%	10
Retail store	Merchandising	Osceola Square Properties	-	-	-
Commercial property	Office rentals	John H. Streicker, Trustee	-	-	-
Apartment complex	Rentals	Kissimmee Osceola Land Assoc	-	-	-
Apartment complex	Rentals	Hideway Bay Apartments, Inc.	-	-	-
Apartment complex	Rentals	Fountainhead Phase 1, Inc.	-	-	-
Apartment complex	Rentals	WRH Horizons Ltd.	-	-	-
Totals			<u>\$ 348,156</u>	<u>100.00%</u>	

(a) The fiscal year ended September 30, 2008 tax levy is based on the 2007 taxable value.

(b) The fiscal year ended September 30, 1999 tax levy is based on the 1998 taxable value.

**Source:** Osceola County Property Appraiser's Office.

<b>Fiscal Year 1998 / 1999 (b)</b>			
	<b>Taxable Value</b>	<b>Percent of Total Taxable Value</b>	<b>Rank</b>
\$	44,025	22.32%	1
	32,187	16.32%	2
	13,195	6.69%	6
	-	0.00%	
	26,435	13.40%	3
	-	0.00%	
	-	0.00%	
	-	0.00%	
	-	0.00%	
	19,007	9.64%	4
	14,457	7.33%	5
	12,662	6.42%	8
	12,669	6.42%	7
	11,832	6.00%	9
	10,801	5.48%	10
<b>\$</b>	<b>197,270</b>	<b>100.00%</b>	

**Schedule 8**

**City of Kissimmee, Florida**

**PROPERTY TAX LEVIES AND COLLECTIONS**  
*(dollar amounts are expressed in thousands)*

**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Total Collections as a Percent of Current Levy</u>
1999	\$ 5,595	\$ 5,355	95.7%	\$ 20	\$ 5,375	96.1%
2000	6,019	5,819	96.7%	42	5,861	97.4%
2001	6,281	6,051	96.3%	20	6,071	96.7%
2002	7,007	6,728	96.0%	16	6,744	96.2%
2003	7,564	7,201	95.2%	6	7,207	95.3%
2004	8,224	7,874	95.7%	26	7,900	96.1%
2005	9,588	8,845	92.3%	20	8,865	92.5%
2006	13,687	13,234	96.7%	6	13,240	96.7%
2007	18,269	16,692	91.4%	861	17,553	96.1%
2008	14,582	13,952	95.7%	58	14,010	96.1%

**Source:** Osceola County Tax Collector's Office.

**Schedule 9**  
**City of Kissimmee, Florida**

**RATIOS OF OUTSTANDING DEBT BY TYPE**  
*(dollar amounts of debt are expressed in thousands)*

**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities		Total Primary Government	City of Kissimmee Personal Income	Percentage of Personal Income	Per Capita
	Excise Tax Revenue Bonds	Sales Tax Revenue Notes				
1999	\$ 587	\$ 12,464	\$ 13,051	\$ 798,561	1.6%	\$ 0.32
2000	571	10,366	10,937	961,635	1.1%	0.23
2001	555	13,103	13,658	985,928	1.4%	0.28
2002	538	10,844	11,382	1,016,705	1.1%	0.22
2003	520	3,639	4,159	1,064,739	0.4%	0.08
2004	501	6,390	6,891	1,162,419	0.6%	0.12
2005	482	4,900	5,382	1,248,029	0.4%	0.09
2006	462	14,008	14,470	1,330,024	1.1%	0.24
2007	441	15,224	15,665	1,411,023	1.1%	0.25
2008	417	12,708	13,125	1,467,894	0.9%	0.21

**Sources:** Population and personal income data from University of Florida, Bureau of Economic and Business Research. For the 2007 year, per capita income was calculated using an estimated 3% annual increase for CPI. For the 2008 year CPI increase was 1

**Note:** Details regarding the City's outstanding debt can be found in the notes to the financial statements - Note# 6.

**Debt limitation:** There are no legal debt limits for Florida municipalities.

**Schedule 10**  
**City of Kissimmee, Florida**

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
*(dollar amounts are expressed in thousands)*

**September 30, 2008**

Taxing District	Net Debt Outstanding	Estimated Overlapping (1)	City's Share of Debt
<b>Osceola County School District</b>			
Series 1999A	\$ 990	15.4%	\$ 153
Series 2000A	50	15.4%	8
Series 2001A dated 7/1/2001	1,120	15.4%	173
Series 2002A, dated 4/15/2002	710	15.4%	110
Series 2003A	1,660	15.4%	256
Series 2004A	1,370	15.4%	211
Series 2005A	8,000	15.4%	1,234
Series 2006A	1,715	15.4%	265
District Revenue Bonds			
Sales Tax Revenue Bonds, Series 2001	4,830	15.4%	745
Sales Tax Revenue Bonds, Series 2007	78,080	15.4%	12,043
Certificates of Participation			
Series 1999A	36,930	15.4%	5,696
Series 2000A and 2000B	1,410	15.4%	217
Series 2002A	1,710	15.4%	264
Series 2004A	73,390	15.4%	11,319
Series 2005A	11,835	15.4%	1,825
Series 2007A and Series 2007B	62,635	15.4%	9,661
Classrooms First Loans			
Indian River County dated 7/1/2002	6,161	15.4%	950
Collier County dated 7/1/2002	20,012	15.4%	3,087
Education Benefits Districts			
Bellalago Benefit District	9,023	15.4%	1,392
Total Osceola County School District (1)	<u>\$ 321,631</u>	15.4%	<u>\$ 49,607</u>
<b>Osceola County</b>			
Limited General Obligation Debt	\$ 14,740	15.4%	\$ 2,273
Total Osceola County	<u>\$ 14,740</u>	15.4%	<u>\$ 2,273</u>
 Total Overlapping Debt	 <u>\$ 336,371</u>		 <u>\$ 51,881</u>

Sources: Osceola County Finance Department.  
City of Kissimmee Finance Department.  
Osceola County School Board Finance Department.

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 Kissimmee, Florida. This process recognizes that when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

- ( 1 ) Excludes capital leases, and installment purchases
- ( 2 ) Allocated on the basis of assessed values used for the purpose of ad valorem taxation

**Schedule 11  
City of Kissimmee, Florida**

**PLEDGED REVENUE COVERAGE  
(dollar amounts are expressed in thousands)**

**Last Ten Fiscal Years**

Fiscal Year	Excise Tax Revenue Bonds					Sales Tax Revenue Bonds				
	Excise Tax Revenues	Debt Service Requirements		Coverage	Sales Tax Revenues	Debt Service Requirements		Coverage		
		Principal	Interest				Principal		Interest	
1999	\$ 233	\$ 16	\$ 29	6.49	\$ 4,895	\$ 2,036	\$ 551	17.61		
2000	184	16	29	5.18	4,912	2,098	534	1.89		
2001	305	17	28	4.09	4,720	2,163	446	1.87		
2002	282	18	28	6.78	5,180	2,259	582	1.81		
2003	227	19	27	6.13	5,384	2,149	145	1.82		
2004	145	19	26	4.93	5,807	-	233	2.35		
2005	263	20	25	3.22	6,903	930	213	24.92		
2006	200	21	24	5.84	6,243	934	189	6.04		
2007	243	23	22	4.44	5,851	1,528	620	5.56		
2008	203	24	21	4.51	5,790	1,493	520	2.88		

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

**Source:** City of Kissimmee Finance Department.

**Schedule 12  
City of Kissimmee, Florida**

**DEMOGRAPHIC AND ECONOMIC STATISTICS**

**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Per Capita Personal Income (2)</u>	<u>Personal Income (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
1999	41,248	\$19,360	\$798,561	30,352	3.3%
2000	47,814	20,112	961,635	32,017	3.4%
2001	49,574	19,888	985,928	34,871	3.2%
2002	50,978	19,944	1,016,705	37,875	6.3%
2003	52,749	20,185	1,064,739	40,659	6.2%
2004	55,856	20,811	1,162,419	44,412	5.5%
2005	58,223	21,435	1,248,029	47,321	3.7%
2006	60,241	22,078	1,330,024	49,677	3.3%
2007	62,048	22,741	1,411,023	53,335	4.0%
2008	62,669	23,423	1,467,894	51,368	6.5%

- Sources:** (1) U.S. Census of Population and Housing. University of Florida, Bureau of Economic and Business Research, "Florida Statistical Abstract".
- (2) U. S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System. The actual per capita personal income is for Osceola County. The per capita figures are multiplied by the population to determine the total personal income.
- (3) Osceola County School Board. (Enrollment is determined in February of each year at the conclusion of the full-time equivalent survey period 3)  
[http://www.osceola.k12.fl.us/Demographics/PDF/District\\_Level.pdf](http://www.osceola.k12.fl.us/Demographics/PDF/District_Level.pdf)
- (4) Florida Agency for Workforce Innovation, Labor Market Statistics, Local Area Unemployment Statistics Program, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics. Orlando-Kissimmee (Lake, Orange, Osceola & Seminole)  
<http://www.labormarketinfo.com/library/laus/MSAs/LFSoc2.xls>

**Schedule 13  
City of Kissimmee, Florida**

**PRINCIPAL EMPLOYERS <sup>1</sup>**

**Current Year and Nine Years Ago**

<u>Employer</u>	<u>Business</u>	<u>Fiscal Year 2007 / 2008 (1)</u>			<u>Fiscal Year 2000 / 2001 (2)</u>		
		<u>Employees</u>	<u>Percent of Total City Employment</u>	<u>Rank</u>	<u>Employees</u>	<u>Percent of Total City Employment</u>	<u>Rank</u>
Osceola County School District	Education	6,814	10.87%	1	2,700	4.82%	1
Walmart	Retail	2,800	4.47%	2			
Orange Lake Country Club	Resort	2,000	3.19%	3			
Gaylord Palms	Resort	1,952	3.11%	4			
Osceola County Government	Government	1,620	2.59%	5	1,400	2.50%	2
Lowe's Distribution Center	Retail	1,137	1.81%	6			
McLane/Suneast, Inc.	Distribution	1,035	1.65%	7			
Florida Hospital -Celebration	Healthcare	839	1.34%	8	1,159	2.07%	3
Osceola Regional Medical Cente	Healthcare	800	1.28%	9	794	1.42%	4
City of Kissimmee	Government	<u>675</u>	1.08%	10	<u>693</u>	1.24%	5
Total		<u>19,672</u>			<u>6,746</u>		

**Sources:** (1) Osceola County Office of Economic Development

(2) Earliest Data Available for Fiscal Year 2000/2001. Only the top five employers could be determined with available data.

**Note:** Data provided for principal employers located within Osceola County; data unavailable for City of Kissimmee only.

**Schedule 14  
City of Kissimmee, Florida**

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION / PROGRAM**

**Last Ten Fiscal Years**

	<b>Full-time Equivalent Employees as of September 30</b>					
	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
<b><u>General government</u></b>						
Central Services	31	35	36	38	38	39
City Attorney	2	2	3	3	3	3
City Commission	5	5	5	5	5	5
City Manager	11	15	15	17	15	18
Finance	10	10	11	12	12	12
Personnel	8	9	9	10	10	7
<b><u>Public safety</u></b>						
Fire	71	72	72	72	90	92
Police	151	152	157	173	181	182
C.O.P.S. Grant	3	3	3	3	0	0
C.O.P.S. More Grant	0	4	4	0	0	0
D.U.I. Highway Safety Grant	0	2	2	0	0	0
Law Enforcement Grant	3	3	3	3	3	3
School Crossing Guard	12	12	14	18	18	18
Vehicle Theft Prevention	0	0	1	1	0	0
Victim's Crime Act Grant	0	0	0	1	0	0
<b><u>Physical environment</u></b>						
Public Works	64	65	66	69	71	75
Sanitation	15	16	16	17	20	20
Stormwater	0	0	0	0	0	0
Water Resources	107	107	112	115	107	0
<b><u>Transportation</u></b>						
Airport	4	5	4	5	4	4
Local Option Gas Tax	9	9	9	9	8	9
<b><u>Economic Environment</u></b>						
Development Services	23	24	24	26	28	30
Community Development Blk Grant	0	0	0	0	0	0
<b><u>Human Services</u></b>						
Section 8	3	3	0	0	0	0
<b><u>Culture / Recreation</u></b>						
Parks & Recreation	56	67	62	67	63	73
Civic Center	9	10	10	10	11	11
<b>Total</b>	<b>597</b>	<b>630</b>	<b>638</b>	<b>674</b>	<b>687</b>	<b>601</b>

**Source:** City of Kissimmee Office of Management and Budget.  
Budgeted full-time equivalents.

2005	2006	2007	2008
38	38	39	38
3	3	3	3
5	5	5	5
17	16	16	15
12	12	10	10
8	8	8	8
96	108	110	106
191	203	214	214
0	0	0	0
0	0	0	0
0	0	0	0
3	3	3	3
19	19	19	20
0	0	0	0
0	0	0	0
48	50	51	44
23	24	25	27
26	27	27	29
0	0	0	0
6	6	6	6
9	9	9	10
33	38	40	40
0	2	2	2
0	0	0	0
78	95	80	77
11	16	16	15
626	682	683	672

**Schedule 15  
City of Kissimmee, Florida**

**OPERATING INDICATORS BY FUNCTION/PROGRAM**

**Last Ten Fiscal Years**

	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
<b><u>Building Inspections</u></b>						
Building permits issued	3,268	2,701	2,744	6,716	3,146	4,241
<b><u>Law Enforcement</u></b>						
Physical arrests	3,077	3,019	2,593	3,291	2,111	1,926
Traffic and parking violations <sup>1</sup>	n/a	23,660	19,868	19,814	16,765	22,102
<b><u>Fire</u></b>						
Emergency responses <sup>1</sup>	n/a	5,751	6,285	7,091	7,785	9,114
Fires extinguished <sup>1</sup>	n/a	358	383	334	384	501
Inspections	353	183	198	206	323	177
<b><u>Other Public Works</u></b>						
Street resurfacing (tons of asphalt) <sup>2</sup>	n/a	n/a	n/a	28	300	208
Other street repairs (tons of asphalt) <sup>2</sup>	n/a	n/a	n/a	22	30	21

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

**Source:** Various City Departments.

1 - Prior to FY 2000 accurate data collection for this operating indicator was not available.

2 - Prior to FY 2002 accurate data collection for this operating indicator was not available

<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
7,932	4,158	4,256	3,384
2,198	2,139	2,407	2,331
27,285	22,391	17,068	19,616
10,311	10,253	9,459	9,038
502	545	268	235
775	563	2,213	1,646
39	190	7,368	6,156
3	17	148	125

**Schedule 16  
City of Kissimmee, Florida**

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**

Last Ten Fiscal Years

	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
<b><u>Transportation</u></b>						
Miles of streets	122	128	130	132	134	135
<b><u>Refuse collection trucks</u></b>						
	11	11	11	11	11	12
<b><u>Other public works</u></b>						
Traffic signals	32	32	32	32	34	36
Highways (miles)	30	30	30	30	30	30
<b><u>Public Safety</u></b>						
Fire stations	3	3	3	3	3	3
Police stations	1	1	1	1	1	1
Patrol units: <sup>1</sup>						
Marked vehicles	n/a	n/a	n/a	n/a	89	104
Motorcycles	n/a	n/a	n/a	n/a	7	6
<b><u>Parks and Recreation</u></b>						
Park acreage	272	339	375	486	486	490
Number of regional parks	-	-	-	-	-	-
Number of large urban parks	3	4	4	5	5	5
Number of community parks	4	3	3	3	3	3
Number of neighborhood parks	8	8	8	8	8	8
Number of special use parks	6	5	6	6	6	6

**Source:** Various City Departments.

<sup>1</sup> - Prior to FY 2003 accurate data collection for this statistic was not available.

<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
135	135	135	152
12	12	12	17
39	41	43	47
30	30	30	30
4	4	4	4
1	1	1	1
93	105	101	127
6	12	9	9
490	562	578	802
-	-	2	2
5	5	2	2
3	3	3	3
8	8	8	8
6	6	6	6

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**MOORE STEPHENS  
LOVELACE, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
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***

Honorable Mayor and Members of the City Commission  
City of Kissimmee, Florida

We have audited the basic financial statements of the City of Kissimmee, Florida (the “City”), as of and for the year ended September 30, 2008, and have issued our report thereon dated March 20, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Internal Control Over Financial Reporting***

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

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

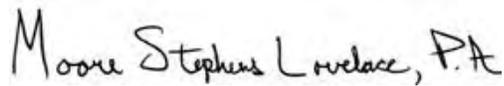
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Honorable Mayor and Member of the City Commission  
City of Kissimmee, Florida

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, grant agreements and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Mayor, City Commission, management, the State of Florida Auditor General, and federal and state awarding agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Moore Stephens Lovelace, P.A." The signature is written in a cursive, slightly slanted style.

Certified Public Accountants

Orlando, Florida  
March 20, 2009



**MOORE STEPHENS  
LOVELACE, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
FEDERAL PROGRAM AND MAJOR STATE PROJECT AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133 AND THE DEPARTMENT OF FINANCIAL SERVICES  
STATE PROJECTS COMPLIANCE SUPPLEMENT**

Honorable Mayor and Members of the City Commission  
City of Kissimmee, Florida

***Compliance***

We have audited the compliance of the City of Kissimmee, Florida (the “City”), with the types of compliance requirements described in the U.S. Office of Management and Budget (“OMB”) Circular A-133 *Compliance Supplement*, and the requirements described in the Department of Financial Services State Projects Compliance Supplement, that are applicable to each of its major federal programs and major state projects for the year ended September 30, 2008. The City’s major federal programs and major state projects are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs and major state projects is the responsibility of the City’s management. Our responsibility is to express an opinion on the City’s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; Chapter 69I-5, *Schedule of Expenditures of State Financial Assistance*, Rules of the Department of Financial Services; and Chapter 10.550, Rules of the Auditor General. Those standards, OMB Circular A-133, Chapter 69I-5, and Chapter 10.550 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or major state project occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City’s compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and major state projects for the year ended September 30, 2008.

Honorable Mayor and Members of the City Commission  
City of Kissimmee, Florida

### ***Internal Control Over Compliance***

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs and state projects. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program or state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program, such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program or state project that is more than inconsequential will not be prevented or detected by the entity's internal control.

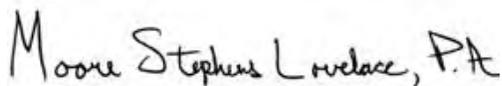
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance 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 compliance that we consider to be material weaknesses, as defined above.

### ***Schedule of Expenditures of Federal Awards and State Financial Assistance***

We have audited the accompanying financial statements of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended September 30, 2008, and have issued our report thereon dated March 20, 2009. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis, as required by OMB Circular A-133, Chapter 69I-5, *Schedule of Expenditures of State Financial Assistance*, Rules of the Department of Financial Services, and Chapter 10.550, Rules of the Auditor General, and is not a required part of the financial statements. Such information has been subjected to auditing procedures, as considered necessary, and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Mayor, City Commission, management, and specific legislative or regulatory bodies and is not intended to be, and should not be, used by anyone other than these specified parties.



Certified Public Accountants

Orlando, Florida  
March 20, 2009

**CITY OF KISSIMMEE, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
For the year ended September 30, 2008

Agency/Program	CFDA #	Grant #	Federal Expenditures	Transfers To Sub-recipients
<u>U.S. Department of Agriculture Forest Service</u>				
Passed through the Florida Department Agriculture and Consumer Services				
Urban and Community Forestry/Community Tree Giveaway	10.664	0011209	\$ 26,584	
Urban and Community Forestry/Community Tree Replanting	10.664	0011210	<u>18,654</u>	
Total U.S. Department of Agriculture Forest Service			45,238	
<u>U.S. Department of Housing and Urban Development</u>				
Community Development Block Grant 2007	14.218	B-07-MC-12-0051	235,347	\$ 53,818
Community Development Block Grant 2006	14.218	B-06-MC-12-0051	266,599	11,207
Community Development Block Grant 2005	14.218	B-05-MC-12-0051	116,408	-
Community Development Block Grant 2004	14.218	B-04-MC-12-0051	12,460	
Disaster Recovery Initiative Grant (DRIG)	14.228	06DB-3C-06-59-02-W 15	868,526	
Total U.S. Department of Housing and Urban Development			<u>1,499,340</u>	65,025
<u>U.S. Department of Justice</u>				
Edward Byrne Memorial Justice Assistance Grant (JAG)	16.592	2007-DJ-BX-1263	4,574	
Bulletproof Vest Partnership	16.607	N/A	<u>2,002</u>	
Total U.S. Department of Justice			6,576	
<u>U.S. Department of Transportation</u>				
Passed through the Florida Department of Transportation				
Conduct a FAR Part 150 Noise Study	20.106	3-12-0038-031-2008	1,957	
Taxiway C Extension	20.106	AIP03-12-0028-029-2007	<u>387,574</u>	
Total U.S. Department of Transportation			389,531	
<u>U.S. Department of Homeland Security/FEMA</u>				
Passed through the Florida Department of Community Affairs:				
Public Assistance Grant/Fay	97.036	08-PA-B9-06-59-01-725	12,344	
Hazard Mitigation - Charley	97.039	06HM-7@-06-59-02-036	183,578	
Assistance to Firefighters Grant	97.044	EMW-2007-FO-06510	<u>241,650</u>	
Total U.S. Department of Homeland Security/FEMA			437,572	
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 2,378,257</u>	<u>\$ 65,025</u>

Continued

**CITY OF KISSIMMEE, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND**  
**STATE FINANCIAL ASSISTANCE - Continued**  
For the year ended September 30, 2008

<u>Agency/State Project</u>	<u>CSFA#</u>	<u>Grant #</u>	<u>State Expenditures</u>	<u>Transfers To Sub-recipients</u>
<u>Department of Environmental Protection</u>				
Stormwater Monitoring and Modeling	37.039	LP6739	\$ 549,974	
Dakin Street Box Culvert Replacement	37.039	LP6740	<u>316,264</u>	
Total Florida Department of Environmental Protection			866,238	
 <u>Florida Department of State</u>				
Division of Historical Resources				
Carson Bryan House	45.031	S0859	<u>35,515</u>	
Total Florida Department of State			35,515	
 <u>Florida Housing Finance Corporation</u>				
Hurricane Housing Recovery	52.902	N/A	<u>386,840</u>	
Total Florida Housing Finance Corporation			386,840	
 <u>Florida Department of Transportation</u>				
Martin Luther King Boulevard Phase II	55.026	422645-1-58-01/AOU 52	625,000	
County Incentive Grant - Hoagland/Pleasant Hill	55.008	419663-1-34-01/A0Q48	350,706	
Construct Taxiway 'C' Extension	55.004	JPA 409777-1-94-01	10,010	
Construct T-Hangers	55.004	JPA 414437-1-94-01	58,644	
Design and Construct Executive Clearspan Hanger	55.004	JPA 418466-1-94-01	67,306	
Construct Clearspan Hanger	55.004	JPA 409770-1-94-01	37,772	
Construct Fuel Farm North Quad	55.004	JAP 247991-1-94-01	<u>116,409</u>	
Total Florida Department of Transportation			1,265,846	
 <u>Florida Department of Health</u>				
passed through Osceola County Emergency Services				
Emergency Medical Services County Grant	64.003	C6049	<u>22,270</u>	
Total Florida Department of Health			22,270	
 <b>TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE</b>			 <b><u>\$ 2,576,710</u></b>	

**NOTE 1**

Grant revenue and expenditures are recorded in accordance with accounting principles generally accepted in the United States of America. Grant revenues are recognized only when allowable program costs have been incurred. This revenue recognition criteria for grants is applied to all funds. In addition, grant revenues are recognized in governmental funds when the availability criteria has been met

**NOTE 2**

The City made payments to sub recipients from federal or state program during the year

**NOTE 3**

Hurricane Housing Recovery Grant expenditures recorded in the schedule represent the units that were fully occupied by the families who met the income eligibility. This amount does not equal the amount expended under this grant and recorded in the financial statements totaling \$867,966 which include funds encumbered and not considered grant expenditures.

**City of Kissimmee, Florida**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended September 30, 2008

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued: **Unqualified Opinion**

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_   X   Yes    \_\_\_\_\_ No

Noncompliance material to financial statements noted \_\_\_\_\_ Yes      X   No

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ Yes      X   **None reported**

Type of auditor’s report issued on compliance for Federal Programs: **Unqualified Opinion**

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? \_\_\_\_\_ Yes      X   No

**Identification of major federal program and State Projects:**

<b><u>CFDA Number</u></b>	<b><u>Name of Federal Program</u></b>
14.228	Disaster Recovery Initiative Grant
<b><u>CSFA Numbers</u></b>	<b><u>Name of State Projects</u></b>
37.039	Stormwater Monitoring and Dakin Street
52.902	Hurricane Housing Recovery
55.008	County Incentive Grant – Hoagland/Pleasant Hill
55.026	Martin Luther King boulevard Phase II

Dollar threshold used to distinguish between Type A and Type B programs:

Federal	\$300,000
State	\$300,000

**Auditee qualified as low-risk auditee?** \_\_\_\_\_   X   Yes    \_\_\_\_\_ No

**City of Kissimmee, Florida**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS** *(Continued)*  
For The Year Ended September 30, 2008

**Section II – Financial Statement Findings**

**2008-01 - Entity Risk Assessment and Monitoring**

**Finding**

At present, the City does not have formalized processes in place for risk assessment and monitoring internal control activities entity wide on an ongoing basis.

**Criteria**

There are five key components of internal control: control environment, risk assessment, information and communication, control activities, and monitoring. The presence of all five internal control components is required to minimize the risk of misstatement of financial information. Deficiencies in any of these components could result in an increased risk of misstatement of City's financial information.

**Recommendation**

We recommend that the City implement formalized policies and procedures to address both risk assessment and monitoring of its internal controls.

**City Response**

The City Finance Department has already begun the process of formalizing all financial policies and procedures. Once these policies and procedures are documented in written form, testing will be conducted by those not directly involved in the process to ensure that such procedures are easily understood. Finally, as time permits, Finance Staff will conduct random tests to determine if such policies and procedures are being adhered to.

**2008-02 - Payroll Procedures**

**Finding**

During our test of controls and account balances of the September 30, 2008 financial statements, we found a number of instances in which employee attendance reports were not approved by the employees' supervisor and instances in which the reports were not authorized by the City Manager.

**Criteria**

To ensure proper reporting of payroll information, all employee attendance reports should adhere to the payroll policies and procedures of the City.

**Recommendation**

We recommend that supervisors review and approve all attendance reports prior to their submission to payroll for processing.

**City Response**

The Finance Department will conduct a training session with supervisory personnel from all departments to remind them of the necessity to review and approve the bi-weekly hour's proof reports. In addition, Finance and Personnel Staff will conduct random tests of this information throughout the year to ensure that the departments are adhering to the approval process.

**City of Kissimmee, Florida**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS** *(Continued)*  
For The Year Ended September 30, 2008

**2008-03 - Audit Adjustments**

**Finding**

During the audit, we recommended more than 5 adjusting journal entries. The effect of such entries was to increase net income and net assets by approximately \$3 million and \$3.4 million, respectively. Substantially all of the entries were to correct bookkeeping errors or to make accruals and other adjustments that should have been made by the Accounting Department.

**Criteria**

Presentation, disclosure, and completeness are essential to ensure proper financial reporting.

**Recommendation**

We believe that a review and evaluation of transactions and proper monthly closing procedures would expedite the year-end closing and reduce audit time.

**City Response**

The Finance Staff has reviewed the listing of entries to determine what procedures need to be implemented to minimize the need for adjusting entries, especially in the area of fixed assets. During the year end closing in FY 2009, staff will conduct a very thorough review of all major audit areas to ensure that significant accounting issues have been properly addressed.

**2008-04 - Improvements to Information Technology (“IT”) Controls**

**Finding**

During our audit of the City’s financial statements, we are required to do an assessment of the City’s Information Technology (“IT”) processes and controls. During this assessment, we noted several areas which could improve the City’s IT security. These findings did not disclose any significant deficiencies or weaknesses related to financial accounting and reporting. Areas for improvement noted during our assessment are provided here for your consideration: external security scanning for public electronic payments website, password policies, and encryption of backup data.

**Criteria**

To ensure proper financial accounting and reporting, security of financial information, as well as operational effectiveness, appropriate IT controls should be implemented, maintained and updated, as necessary, to keep pace with the constantly changing technology environment.

**Recommendation**

We recommend that the City evaluate each of the issues noted above and implement cost-effective procedures to ensure the continued security of the City’s IT environment.

**City of Kissimmee, Florida**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS** *(Continued)*  
For The Year Ended September 30, 2008

**City Response**

As noted below, all recommendations have been implemented or are in the process of being implemented.

- External security scanning for the public electronic payments website has been completed. In addition, a program is in place for quarterly scanning by an independent security monitoring organization.
- Data backups are currently being password protected; however, the City will implement full data encryption within the next 60 days.
- A standardized password policy will be implemented within the next 30 days.

**Section III – Federal Award Findings and Questioned Costs Section**

**None reported.**

**Section IV – Prior Year Audit Findings**

**2007-01 - Investment Policies and Procedures**

**Finding**

The City's current investment policies and procedures do not appear adequate to ensure that investment of City funds are in accordance with Section 1 (Intent) of the policy. This section dictates the order of importance of City funds investments to "provide safety of capital, liquidity of funds, and investment income in that order."

**Recommendation**

We recommend that management evaluate the investment policies and procedures to ensure that the intent of these policies does not allow deviation from the order of importance. We believe that an investment committee should be established. Members should include the appropriate level of staff, management, and, if deemed applicable, an elected official member at a minimum. The focus of this committee should be to ensure that the intent of the City's policy is followed.

**Current-Year Status**

The City liquidated security holdings with 1<sup>st</sup> Allied in the prior period. The City chose not to reinvest in the financial markets due to the spiraling decline in markets. Consequently, staff did not move forward with the investment committee. Once markets stabilize, a committee will be established.

**2007-02 - Operational Controls Over Investments**

**Finding**

During audit procedures of City investments, we noted that investments listed as U.S. Treasury instruments were actually investments in Repurchase Agreements backed by U.S. Treasury Securities. The apparent misclassification appears to have been the result of information provided by the City's investment advisor. While the City's investment policy allows for investments in Repurchase Agreements, and the investment advisor is knowledgeable of the City's investment policy, the level of investments in these agreements would appear to have exceeded the intent of the investment policy.

**City of Kissimmee, Florida**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS** *(Continued)*  
For The Year Ended September 30, 2008

**Recommendation**

Due to fiscal constraints on staff and the complexity of the investment market, we recommend that the City consider engagement of an independent, third party to oversee the investment portfolio managed by the City's investment advisor. The role of this third party should be to ensure that the intent of the City's policy is being followed and that the City is receiving fair market return for the investment risk taken.

**Current-Year Status**

All securities referred to above were liquidated during FY 2008. Due to the instability in the financial markets, the City has elected not to reinvest funds in the financial markets. All balances, with the exception of a few securities with SunTrust Capital Markets, are being held in either the Public Now account or the City's operating bank account. At some point in the future when City staff chooses to re-enter the financial markets, a portfolio manager will be hired to oversee the investment process.



## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Mayor and Members of the City Commission  
City of Kissimmee, Florida

We have audited the basic financial statements of the City of Kissimmee, Florida (the "City"), as of and for the fiscal year ended September 30, 2008, and have issued our report thereon dated March 20, 2009.

We conducted our audit in accordance with United States generally accepted auditing standards, and *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Report of Independent Certified Public Accountants on Internal Control over Financial Reporting and on Compliance and Other Matters. That report dated March 20, 2009, includes findings which should be considered in conjunction with this management letter.

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

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report, except as discussed in the Schedule of Findings and Questioned Costs.

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management, accounting procedures, and internal controls. In connection with our audit, findings as reported in the Schedule of Findings and Questioned Costs, should be considered in conjunction with this management letter.

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

Honorable Mayor and Members of the City Commission  
City of Kissimmee, Florida

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

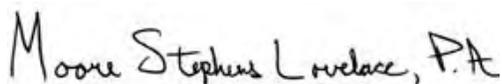
Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority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

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

Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2008, 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, 2008. In connection with our audit, we determined that these two reports were in agreement.

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

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the Mayor, City Commission, management, and the Florida Auditor General and is not intended to be, and should not be, used by anyone other than these specified parties.



Certified Public Accountants

Orlando, Florida  
March 20, 2009