



**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
of the
CITY OF PUNTA GORDA, FLORIDA**

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2008**

PREPARED BY THE FINANCE DEPARTMENT

David W. Drury, CPA, CGFO
Finance Director

CITY COUNCIL

MAYOR

LARRY FRIEDMAN

VICE MAYOR

HARVEY E. GOLDBERG

COUNCILMEMBER

DON McCORMICK

COUNCILMEMBER

WILLIAM F. ALBERS

COUNCILMEMBER

CHARLES A. WALLACE

CITY MANAGER

HOWARD KUNIK

CITY OF PUNTA GORDA, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

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INTRODUCTORY SECTION

This section contains
the following subsections:

Letter of Transmittal

List of Elected
and Appointed Officials

City of Punta Gorda Organizational Chart

Certificate of Achievement
for Excellence in Financial Reporting

City of **Punta Gorda**, Florida

CITY HALL
326 WEST MARION AVENUE
PUNTA GORDA, FLORIDA 33950-4492

March 13, 2009

To the Honorable Mayor, Members of the Council and Citizens of the City of Punta Gorda:

State law requires that all general-purpose local governments publish within one year of the close of each fiscal year 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 issue the comprehensive annual financial report of the City of Punta Gorda for the fiscal year ended September 30, 2008.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free 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 Punta Gorda's financial statements have been audited by Ashley Brown & Co., a licensed certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Punta Gorda 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 amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended September 30, 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 Punta Gorda 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'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's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Punta Gorda, founded December 7, 1887, is the only incorporated city in Charlotte County and serves as the County Seat. The City currently occupies a land area of approximately 16 square miles and serves a population of approximately 18,200. The City is empowered to levy a property tax on properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City operates under the council-manager form of government. Policy-making and legislative authority are vested in a governing council consisting of the mayor and four other members. The governing council is responsible, among other things, for passing ordinances and resolutions, adopting the budget, appointing committees, and hiring the City's Manager, Clerk and Attorney. The City's Manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. The council is elected on a non-partisan basis. Council members serve two-year staggered terms. The mayor is appointed by the Council to serve a one-year term. All of the council members are elected by district.

This report includes all funds of the City. The City provides a full range of services which include police and fire protection; water, wastewater, sanitation and marina services; the maintenance of highways, streets, canals, and infrastructure; recreational activities and cultural events. In addition to general government activities, the City includes certain agencies and boards in the comprehensive annual financial report.

The annual budget serves as the foundation for the City's financial planning and control. All departments are required to submit requests for appropriation to the manager on or before March 1. The manager uses these requests as the starting point for developing a proposed budget. The manager uses budget workshops for the goal of presenting a proposed budget to the council for review in April or May. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than September 30, the close of the City's fiscal year. Department heads may make transfers of appropriations within a department. Transfers of appropriations between funds, however, require the special approval of the council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, CRA, PGI Canal Maintenance and Transportation Impact Fee Fund, this comparison is presented as part of the basic financial statements for the governmental funds. For Governmental Funds, other than the General Fund, CRA, PGI Canal Maintenance and Transportation Impact Fee, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report. A budget was not prepared for the Storm Related Fund since revenues and expenditures couldn't be estimated due to many fiscal uncertainties created by the storm.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Long-term financial planning

For major projects the City uses a five-year capital budget. This helps recognize when major cash infusions will be necessary. These infusions may come from the issuance of debt, grants, new revenue sources, impact fees and/or a build-up of fund balance. Any or all of these methods may be utilized. Not as obvious but just as important is the increase in services with the costs associated with these services requested by the citizens, or mandated by external forces. Economic forecasts are performed during the year to avoid surprises due to service changes. As mentioned elsewhere the City now utilizes a written Council approved strategic plan. This tool not only helps guide the City staff in specific directions, but also helps in the planning of the financial future of the City.

Major Initiatives

A major initiative with the future in mind is the City's adoption of a set of Goals and Strategic Objectives. These goals will assist the City as a guide toward a more planned future. They give the entire organization a shared vision, improved motivation, and serve as the basis for setting priorities.

GOALS

- Preserve, enhance and advance the natural resources of Punta Gorda.
- Further develop the economic base and positively influence the diversity of economic development for the City.
- Foster and advance the unique character of Punta Gorda.
- Improve the quality and level of communication between City government and citizenry.
- Increase City Council's awareness of the need to prioritize projects and tasks based on their impact to the City's mission and the resources available to accomplish them in the desired time frame.
- Ensure a professional and safe environment for City employees.
- Maintain fiscally responsible decision-making by Council and staff.
- Promote security, safety, and health by providing services that maintain a high quality of life for the citizens of Punta Gorda.

STRATEGIC PLAN

A strategic plan provides a tool for more effective and economical operations and demonstrates to the public that careful consideration has been given to future development and direction of the organization. The Plan provides a realistic view of the expectations for the organization and community at-large.

City Council approved a strategic plan which set priorities. These priorities are delineated below.

- Administration
- Business and Community Development
- Quality of Life
- Stakeholders
- Utilities
- Canal System

The plan helps us stay focused in our near term objectives and tasks, while still keeping our eye on the long range perspective of our actions. Our strategic plan is dynamic and can be adjusted or molded from time to time as needed. It is a working document that evolves as development takes place. In this way, it is a document by which we can measure our success and by which the community can evaluate our performance.

Cash Management

In direct response to the investment losses of some local governments, the Florida legislature passed legislation requiring local governments to adopt written investment policies on or before October 1, 1995. The investment policies are required to place a priority on the safety of principal and liquidity. The City adopted a revised investment policy September 6, 1995, which was updated September 5, 2001 to reflect State required changes. The City's cash management program incorporates the principles of keeping all investments free from risk, maintaining adequate liquidity and flexibility to meet both scheduled and unscheduled obligations and maximizing return. Authorized investments include the Local Government Surplus Funds Trust Fund (LGSFTF), negotiable direct obligations of, or obligations the principal and interest of which are unconditionally guaranteed by, the United States Government and their agencies, non-negotiable interest-bearing time certificates of deposit, repurchase agreements, and savings in "Qualified Public Depositories" as defined in Florida Security for Public Deposits Act (Florida Statutes Chapter 280). Additionally, the Pension Trust Funds are authorized to invest in corporate bonds and equity securities.

The City maintains a pooled cash account with the State of Florida LGSFTF. This investment vehicle allows flexibility and earns better interest rates for the City's investment. There was \$31,504,343 on deposit with LGSFTF at September 30, 2008. The LGSFTF interest rate at that time was 2.43%. As of September 30, 2008 there were four investments with the Government National Mortgage Association (G.N.M.A.) earning 10% with a fair market value of \$19,908. The three pension trusts combined had \$32,935,864 (fair value) of investments as of September 30, 2008.

Risk Management

The City belongs to Public Risk Management (PRM), a group of self insured public entities. PRM covers risks in the areas of workers compensation, property, and other municipal liability. PRM purchases excess insurance coverage to cover large and catastrophic losses. PRM has a contract with a third-party administrator who provides claims service, loss prevention engineering, management information systems, and brokerage service. The City has a Safety Committee that meets and reviews all accident and injury claims in an ongoing effort to reduce losses. The health care coverage is also through PRM. It is a group of self-funded PPO and HMO plans using the Blue Cross Blue Shield of Florida network, administered by BCBS of Florida and reinsured by Alden Risk Management. The fund is fully funded annually.

Pension and other post-employment benefits

The City sponsors a single-employer defined benefit pension plan for its general and public safety employees. Each year, an independent actuary engaged by the pension plans calculates the amount of the annual contribution that the City must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the City fully funds each year's annual required contribution to the pension plans as determined by the actuary. The City's funding percentage as of September 30, 2008 was 80.98%, 95.51% and 72.46% of the General Employees, Police Officers' and Firefighters' pension plans respectively, the present value of the projected benefits earned by employees. The remaining unfunded amount is being systematically funded over 29, 26 and 29 years respectively for the three plans. The City offers no other post-employment benefit.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2007. This was the twenty-third consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

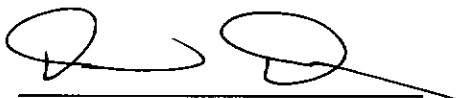
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



HOWARD KUNIK
CITY MANAGER

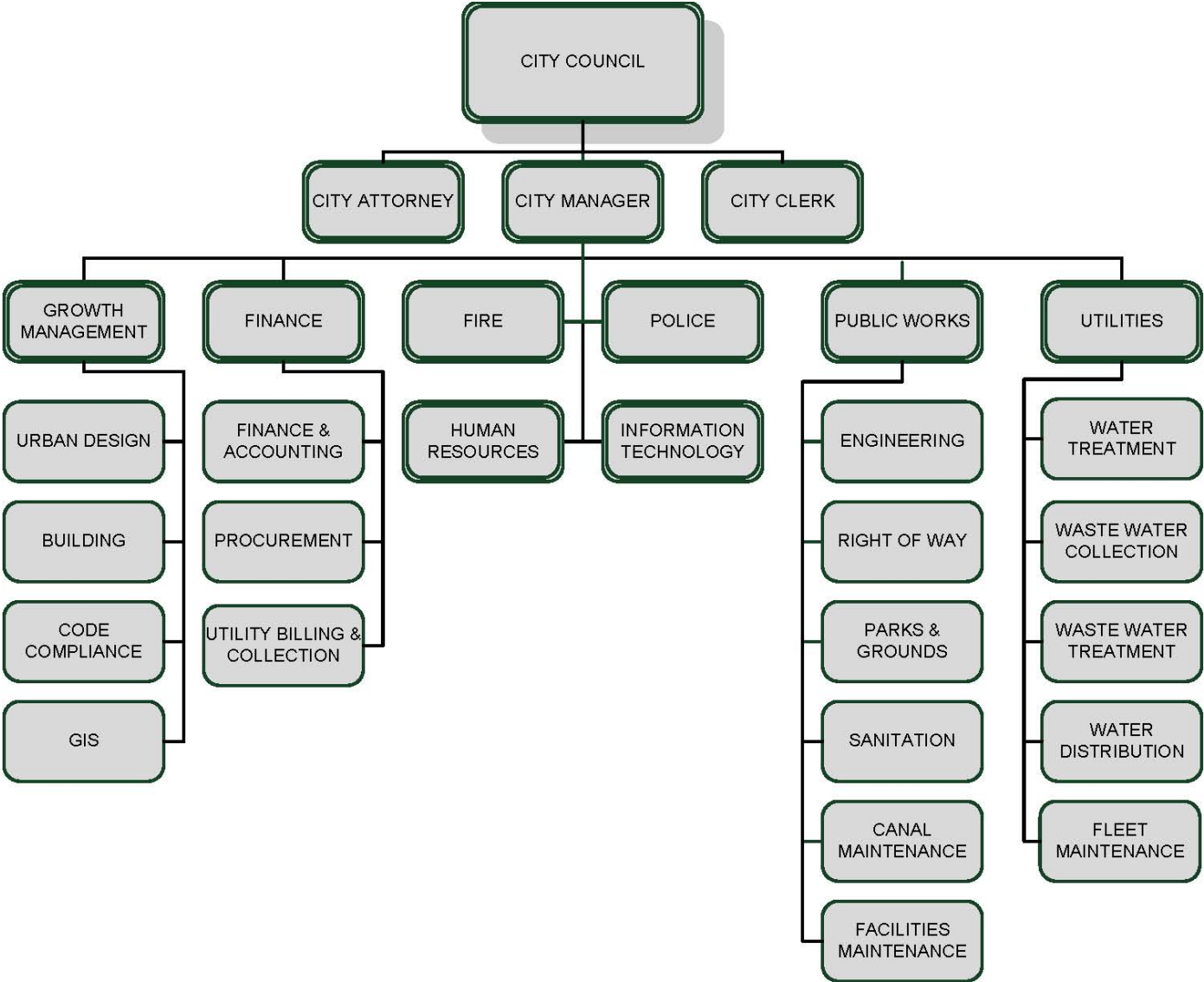


DAVID W. DRURY, CPA, CGFO
DIRECTOR OF FINANCE

City of Punta Gorda
List of Principal Officials
As of September 30, 2008

<u>Title</u>	<u>Name</u>
Mayor	Lawrence J. Friedman
Vice Mayor	Harvey E. Goldberg
Councilmember	Don McCormick
Councilmember	William F. Albers
Councilmember	Charles A. Wallace
City Manager	Howard Kunik
Assistant City Manager	Kathleen M. Dailey
City Attorney	David M. Levin
City Clerk	Sue Foster
Chief of Police	Albert A. Arenal
Fire Chief	Robert F. Hancock
Director of Growth Management	Dennis B. Murphy
Director of Finance	David W. Drury
Director of Public Works	Richard C. Keeney
Director of Utilities	Thomas E. Jackson

CITY OF PUNTA GORDA, FL
ORGANIZATIONAL CHART



CERTIFICATE OF ACHIEVEMENT
FOR EXCELLENCE IN
FINANCIAL REPORTING

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 Punta Gorda, Florida for its comprehensive annual financial report for the fiscal year ended September 30, 2007. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. The City of Punta Gorda has received a Certificate of Achievement for the last twenty-three consecutive years (fiscal years ended 1985 through 2007). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Punta Gorda
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

FINANCIAL SECTION

This section contains
the following subsections:

Report of Independent Accountants

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

Combining and Individual Fund
Statements and Schedules

Independent Auditor's Report

Honorable Mayor and City Council
City of Punta Gorda, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Punta Gorda, Florida, (the "City") as of and for the fiscal 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 an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 opinion.

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 its financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, the Community Redevelopment Agency Fund, the PGI Canal Maintenance Special Revenue Fund and the Transportation Impact Fee Special Revenue Fund, for the fiscal 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 10, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and the required supplementary information, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the City, taken as a whole. The accompanying information identified in the table of contents as combining and individual fund statements and schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The accompanying statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Ashley Brown & Co.

March 10, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of the City of Punta Gorda's financial statements is intended to provide a narrative introduction to the basic financial statements and an analytical overview of the City's financial activities for the fiscal year ended September 30, 2008.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at September 30, 2008, by \$98.1 million (net assets). Of this amount, \$13.4 million unrestricted net assets may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$2.8 million.
- As of September 30, 2008 the City's governmental funds reported combined ending net assets of \$44.9 million. This is a decrease of \$406 thousand.
- As of September 30, 2008 the business-type activities reported combined ending net assets of \$53.2 million. This is an increase of \$3.2 million.
- The City's total long-term liabilities increased by \$11.8 million during the current fiscal year. This increase is discussed further in debt administration.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements.

The Statement of Net Assets (page 20) and **The Statement of Activities** (page 21) provide information about the activities of the City as a whole and present a longer term view of the City's finances. The statements separate governmental from business-type activities, but both are measured and reported using the economic resource measurement focus and the full accrual basis of accounting.

The **Fund Financial Statements**, which report by individual fund, begin on page 22. The governmental funds measure and report activities using the current financial resources measurement focus and the modified accrual basis of accounting. Therefore you will find the reconciliation on page 27 that converts this data to an economic resources measurement focus and the accrual basis of accounting for use in the Entity-wide Financial Statements. The Fund Financial Statements present information in more detail than in the Entity-wide Financial Statements. Lesser funds, such as Fair Share Impact Fees, BSI Canal Maintenance District and Storm Fund are combined in an "other funds" column. The Governmental Accounting Standards Board (GASB) Statement No. 34 provides the authoritative guidance on the governmental financial reporting model.

THE ENTITY-WIDE FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities

Government-wide Financial Statements are intended to allow the reader to assess a government's operational accountability. Operational accountability is defined as the extent to which the government has met its operating objectives efficiently and effectively, using all resources available for that purpose, and whether it can continue to meet its objectives for the foreseeable future. The statements separate governmental from business-type activities. For purposes of these statements, both types are measured and reported using the economic resource measurement focus and the accrual basis of accounting.

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

The statement of activities presents information showing how the City'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. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (uncollected taxes, earned but unused vacation leave.)

Both of these financial statements distinguish the primary types of functions of the City as defined below:

- **Governmental activities**—Most of the City's basic services are reported here, including the police, fire, public works, community development, parks, and general administration. Major revenues supporting these activities are ad-valorem taxes, sales and gas taxes, franchise fees, utility and communications service taxes, intergovernmental revenues, grants, fees and investments.
- **Business-type activities**—The City's Utilities, Sanitation, Building and Marina services are reported here. These services are supported primarily from user fees. The debt service is supported both by user fees and impact fees.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain financial 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 account for most, if not all, of the City's tax supported activities. These include the General fund, the CRA fund, the Capital Projects fund, the Debt Service fund, the Storm fund, the PGI and BSI Canal Maintenance District funds, the two Gas Tax funds, and the Fair Share Impact Fee funds. These

funds focus on how money flows into and out of the funds, and the balances left at year end. The accounting method used is called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash (usually 60 day focus). The two criteria used are that the revenue is measurable and available. Examples of difference from economic focus are that financing and grants are considered current revenue, and purchases of capital are considered expenditures whereas depreciation is not since there is no outlay of cash. In a highly regulatory environment, fund accounting serves a very important purpose in that funds received for specific purposes are identified as such and can readily be audited.

- Proprietary funds are used to account for the business-type activities of the government. There are two types: enterprise funds and internal service funds. The City's enterprise funds are Utilities, Sanitation, Building and Marina; the internal service funds are Information Technology Services and Fleet Maintenance. All proprietary funds use full accrual basis accounting and the economic measurement focus. Fees or charges are the primary revenue source for proprietary funds.
- Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the Government-wide Financial Statements because the resources of 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's three pension funds are fiduciary funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements. The notes can be found beginning on page 40.

Required Supplementary Information

Generally Accepted Accounting Principles (GAAP) call for certain unaudited information to accompany the audited basic financial statements and accompanying footnotes. This information is called Required Supplementary Information (RSI) and includes this analysis, the MD&A, budgetary comparisons and trend data on pension funding.

THE CITY AS A WHOLE

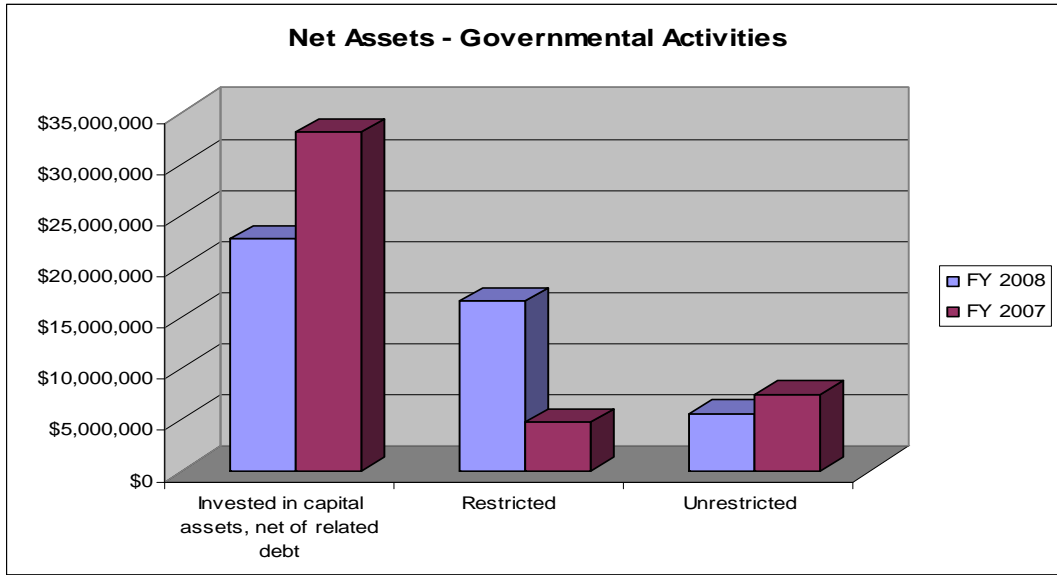
The City's combined net assets as of September 30, 2008 were \$98.1 million (Table 1). The City's combined revenues, including contributions, grants, taxes and charges for services were \$45.2 million. Total city-wide expenses were \$42.2 million. The increase to city-wide net assets was \$2.8 million (Table 2). Below in Table 1 is a condensed Statement of Net Assets, in thousands, for the governmental activities and the business-type activities.

Table 1
Net Assets
(in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 26,075	\$ 14,540	\$ 20,766	\$ 23,540	\$ 46,841	\$ 38,080
Capital assets	44,902	41,530	51,055	46,508	95,957	88,038
Total assets	<u>70,977</u>	<u>56,070</u>	<u>71,821</u>	<u>70,048</u>	<u>142,798</u>	<u>126,118</u>
Long-term liabilities	(23,101)	(9,310)	(16,202)	(18,168)	(39,303)	(27,478)
Other liabilities	<u>(3,009)</u>	<u>(1,487)</u>	<u>(2,361)</u>	<u>(1,851)</u>	<u>(3,337)</u>	<u>(3,338)</u>
Total liabilities	(26,110)	(10,797)	(18,563)	(20,019)	(44,673)	(30,816)
Net assets:						
Invested in capital assets, net of debt	22,648	33,056	34,967	28,148	57,615	61,204
Restricted	16,564	4,752	10,545	10,822	27,109	15,574
Unrestricted	<u>5,655</u>	<u>7,465</u>	<u>7,746</u>	<u>11,059</u>	<u>13,401</u>	<u>18,524</u>
Total net assets	<u>\$ 44,867</u>	<u>\$ 45,273</u>	<u>\$ 53,258</u>	<u>\$ 50,029</u>	<u>\$ 98,125</u>	<u>\$ 95,302</u>

The largest portion of the City's net assets (58.7%) reflects its investment in capital assets (land, buildings, infrastructure and equipment) less outstanding debt used to acquire those assets. The City uses these assets to provide services to citizens; consequently these assets are not available for future spending. Restricted assets (representing 27.6% of total net assets) are subject to external restrictions on how they may be used. The remaining 13.7% balance of unrestricted net assets, \$13.4 million, may be used to meet the city's ongoing obligations to citizens and creditors. It is important to recognize that this resource may be planned to repay the outstanding debt on capital assets. The prior year increase was \$7.7 million. The governmental activities net assets decreased by \$406 thousand or 1%. Last fiscal year there was a \$6 million increase in net assets. The business-type activities net assets increased \$3.2 million or 6.5%. The analysis of revenues and expenses for business-type activities can be found in this MD&A on pages 12-13. The City's overall financial position improved \$2.8 million or 3.0%.

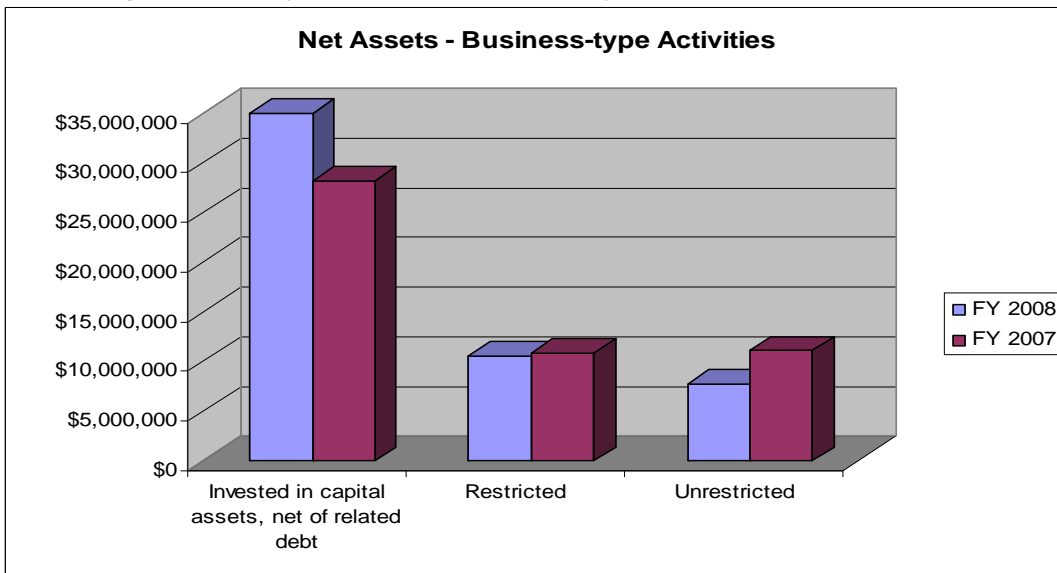
The following is a chart by net assets of governmental-type activities.



The decrease is due mainly to the following significant changes in assets & liabilities:

- Debt issued for the parking garage is \$14 million
- Current and other assets increased by \$11.5 million
- Construction-In-Progress Infrastructure increased \$3.4 million
- Fire Station increased \$ 1.6 million
- Accumulated Depreciation increased \$1.7 million

The following is a chart by net assets of business-type activities.



The increase is due mainly to the following significant changes in assets:

- WTP Expansion Project, \$1.4 million
- Developer contributed Water and Wastewater infrastructure assets, \$4.8 million
- County road expansion utility relocation projects, \$1.1 million

Table 2
Changes in Net Assets
(in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues:						
Program revenues:						
Charges for services	\$ 3,038	\$ 3,069	\$ 15,477	\$ 16,213	\$ 18,515	\$ 19,282
Operating grants and contributions	546	586	-	61	546	647
Capital grants and contributions	2,497	4,312	6,377	3,381	8,874	7,693
General revenues:						
Property taxes	7,320	7,401	-	-	7,320	7,401
Other taxes	7,906	8,526	14	16	7,920	8,542
Other	1,150	1,844	920	1,782	2,070	3,626
Total revenues	<u>22,457</u>	<u>25,738</u>	<u>22,788</u>	<u>21,453</u>	<u>45,245</u>	<u>47,191</u>
Expenses:						
General government	5,058	4,172	-	-	5,058	4,172
Public safety	8,475	8,325	-	-	8,475	8,325
Transportation	2,501	3,633	-	-	2,501	3,633
Economic environment	1,550	521	-	-	1,550	521
Recreation	4,914	5,347	-	-	4,914	5,347
Interest on long-term debt	350	361	-	-	350	361
Water and wastewater	-	-	15,761	15,849	15,761	15,849
Sanitation/refuse	-	-	2,697	2,696	2,697	2,696
Building Fund	-	-	901	1,071	901	1,071
Marina	-	-	215	114	215	114
Total expenses	<u>22,848</u>	<u>22,359</u>	<u>19,574</u>	<u>19,730</u>	<u>42,207</u>	<u>41,975</u>
Inc (dec) in net assets before transfers	(391)	3,379	3,214	1,723	2,823	5,102
Transfers	(15)	-	15	-	-	-
Net assets-beginning	<u>45,273</u>	<u>41,894</u>	<u>50,029</u>	<u>48,306</u>	<u>95,302</u>	<u>90,200</u>
Net assets-ending	<u>\$ 44,867</u>	<u>\$ 45,273</u>	<u>\$ 53,258</u>	<u>\$ 50,029</u>	<u>\$ 98,125</u>	<u>\$ 95,302</u>

The analysis of Table 2 states overall total Governmental Activities revenues decreased \$3.3 million or 12.7%. A decrease of \$1.8 million occurred in the area of capital grants and contributions. A decrease of \$701 thousand occurred in tax revenues. The total Primary Government revenues decreased \$1.9 million or 4.1%. The total Business-type activities increased \$1.3 million or 6.2%.

The total Primary Government expenses increased \$232 thousand or .6%. The governmental activities expenses increased by \$489 thousand or 2.2%. The total expenses in Business-type activities realized an overall decrease of \$156 thousand or .79%. The Marina expenses increased due to a full year of operations. The transfer of \$15 thousand in FY 2008 represents the contribution from the CRA Fund, a governmental activity, to

the Utility Fund, a business-type activity, to pay towards wastewater infrastructure improvements.

The Business-type Activities increase in net assets was \$3.2 million. The prior fiscal year increase was \$1.7 million. The analysis of revenues and expenses disclosed that revenues increased 6.2% and expenses decreased .8%. Ending net assets are up 6.5%. The analysis of revenues and expenses for business-type activities can be found in this MD&A on pages 12-13.

The following chart shows the comparison of the user fee revenues:

	<u>Revenues (in thousands)</u>		<u>From 2007 to 2008</u>
	<u>2008</u>	<u>2007</u>	<u>% incr (decr)</u>
Water Billings	\$6,523	\$7,190	(9.3%)
Wastewater Billings	\$4,941	\$4,909	0.7%
Refuse Collection	\$2,837	\$2,829	0.3%
Licenses & Permits	\$ 645	\$ 959	(32.7%)

Major Fund Changes in Net Assets or Fund Balance

The General Fund balance at September 30, 2008 consisted of \$1.2 million for undesignated fund balance; \$722 thousand was designated for subsequent year's budget and \$241 thousand was designated for reappropriation for incomplete projects. This is a \$455 thousand decrease in fund balance from September 30, 2007. The decrease represents an intended budgeted use of fund balance to offset the difference between budgeted revenue of \$18.9 million and the budgeted expenditures of \$20.3 million. The Council revised their financial policy on fund balance to 5% of annual expenditures. The increase in current assets and long-term liabilities relates to the issuance of debt proceeds for the downtown parking garage which is currently under construction. More details of the debt are included on page 16 of this MD&A.

The Community Redevelopment Agency Fund balance decreased by \$721 thousand. The capital outlays were over \$843 thousand, which included land acquisition of \$611 thousand and a loan of \$66 thousand to Trabue Woods Development.

The PGI Canal Maintenance Fund balance decreased \$320 thousand. There was a \$313 thousand decrease, from September 30, 2007, which represented the one-time FEMA disaster reimbursement.

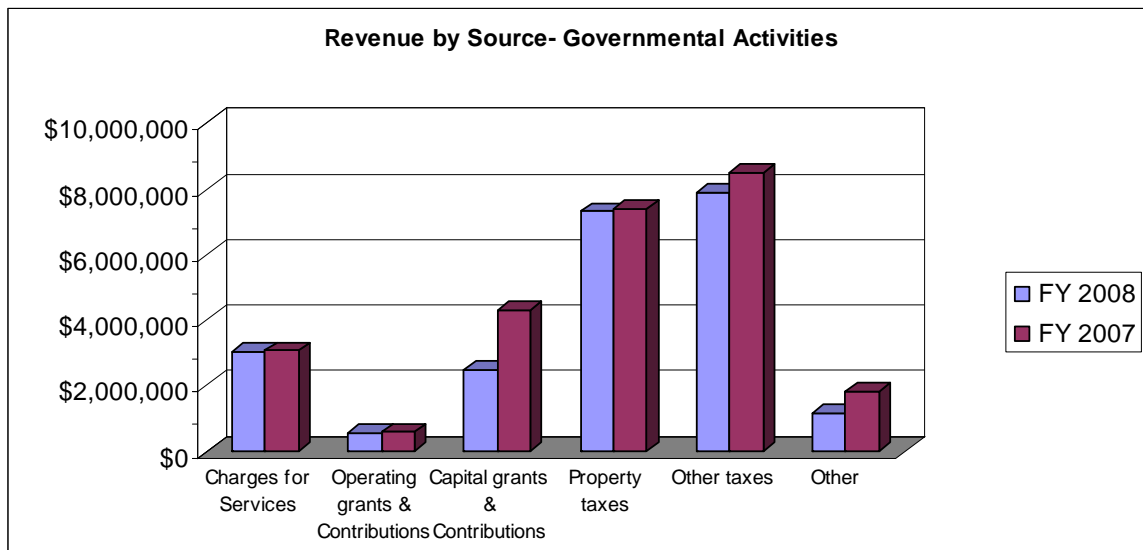
The Transportation Impact Fee Fund decreased \$275 thousand. The interest earnings decreased \$51 thousand due to lower rates and less invested funds. Due to a slowing in the economy and the building industry the transportation revenue decreased \$205 thousand. The transfer to general construction was decreased by \$281 thousand.

The Water and Wastewater Utility Fund net assets increased \$3.1 million. The prior year increase in net assets was \$1.5 million. Contributed capital is the major factor to the \$3.1 million increase which includes developer contributions of \$4.8 million, impact fees of \$.9 million and capital grants \$.7 million. The water user charges decreased by \$667 thousand, the wastewater user charges increased \$32 thousand, the decrease in water use was driven by water restrictions for the full fiscal year, and interest income decreased by \$456 thousand due to decreased interest rates. Personnel expenses increased \$54

thousand and other operating expenses decreased \$71 thousand. The other net nonoperating revenues decreased by \$401 thousand mainly due to a decrease in insurance proceeds. A more detailed analysis of the changes in expenses can be found on Page 13 of the MD&A.

Governmental Activities

Below is a chart of revenues by source for governmental activities.



The following details the revenue variances between fiscal years 2007 and 2008.

Charges for services decreased by \$31 thousand.

Capital grants & Contributions decreased by \$1.8 million due to the following:

- Decrease in County tax increment contribution to CRA of \$158 thousand
- Decrease in capital grants of \$798,639 thousand
- Decrease in reimbursements in Storm Related Funds of \$475 thousand
- Decrease in impact fees of \$314 thousand

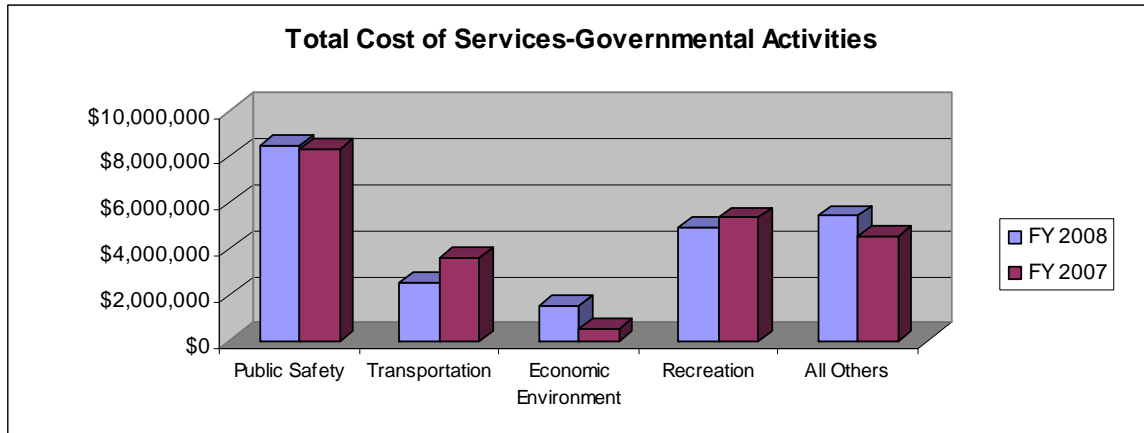
Property taxes and Other taxes decreased by \$701 thousand.

- Property tax revenues decreased by \$82 thousand. The collection percentage of levied taxes showed a slight decrease
- Utility & Gas taxes decreased by \$114 thousand due to a decrease in usage
- Sales tax revenues were down by \$540 thousand which is a reflection of the downturn in the economy

The cost of all governmental activities this year, including allocations, was \$25.2 million as compared to \$24.6 million in FY 2007. As shown in the Statement of Activities on page 21, the net cost that was ultimately paid through taxes and other sources was \$16.8 million. The highlights of how the remaining \$6 million was provided are as follows:

- \$3 million in charges for services: \$2.5 million by the canal maintenance districts and \$.5 million by various fees for general government services;
- \$.5 million in operating grants and contributions
- \$2.5 million in capital grants and contributions.

The following is a chart displaying the total cost of services of governmental activities.



- Public safety costs increased by \$150 thousand. Police Department overall expenses increased by \$115 thousand. Fire Department overall expenses increased by \$8 thousand.
- Transportation costs decreased by \$1.1 million. Funding for road improvements was reduced, the general fund transfer of \$0.5 million was eliminated, a reduction in gas tax revenues of \$0.1 million and less carryover projects.
- Economic environment costs increased by \$1 million due to the construction in progress on the new parking garage project.
- Recreation costs decreased by over \$433 thousand. The entire decrease was in the area of park improvements. In FY 2007 the Marina project was being completed.
- All Others increased by \$886 thousand. The General Construction Fund transferred \$555 thousand to CRA and \$70 thousand to General Fund for parking garage land and project manager, respectively.

Table 3 presents the cost of each of the City's four largest programs as well as each program's net cost (total cost less revenue, excluding taxes, generated by the activities). The net cost represents the portion of each program that is supported by various taxes.

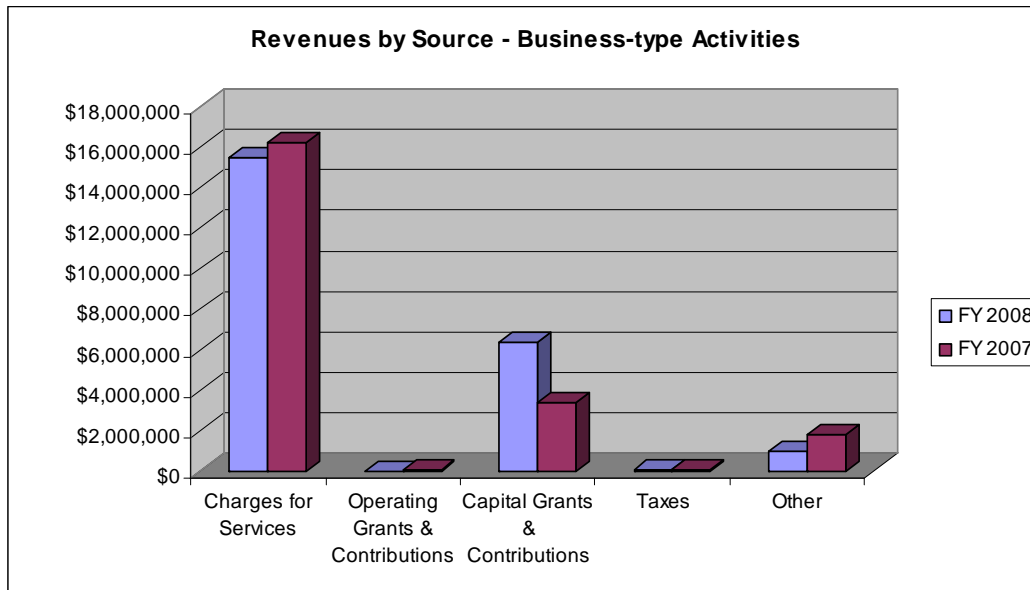
Table 3
Governmental Activities
(in Thousands)

	Total Cost of Services		Net Cost of Services	
	2008	2007	2008	2007
Public Safety	\$ 8,475	\$ 8,325	\$ (8,268)	\$ (8,047)
Transportation	2,501	3,633	(2,357)	(3,287)
Economic Environment	1,550	521	(152)	1,904
Recreation	4,914	5,347	(2,337)	(2,451)
All Others	5,423	4,533	(3,652)	(2,511)
Totals	\$ 22,863	\$ 22,359	\$ (16,766)	\$ (14,392)

Business-type Activities

Revenues of the City's Business-type activities (see Table 2) totaled \$22.8 million. Operating expenses were \$19.6 million, showing an increase in net assets of \$3.2 million.

Below is a chart of revenues by source for business-type activities.



Charges for services reported in business-type activities decreased \$736 thousand, or 4.5%, in comparison to the prior year. Water & Wastewater Utility experienced a decrease in charges for services of \$590 thousand as a result of water restrictions for the entire fiscal year and to a lesser extent the downturn in the economy causing decreased usage. Sanitation/Refuse saw almost no growth with only an \$8 thousand increase in charges for services of which \$6 thousand was from the recycling program. Building's charges for services decreased by \$266 thousand as a result of the continued decline in the housing market. A new fund was created in FY 2007 to account for the Laishley Park Marina which was completed and opened in March 2007. Its charges for services for FY 2008 increased \$112 thousand as a direct result of a full year of operations in FY 2008.

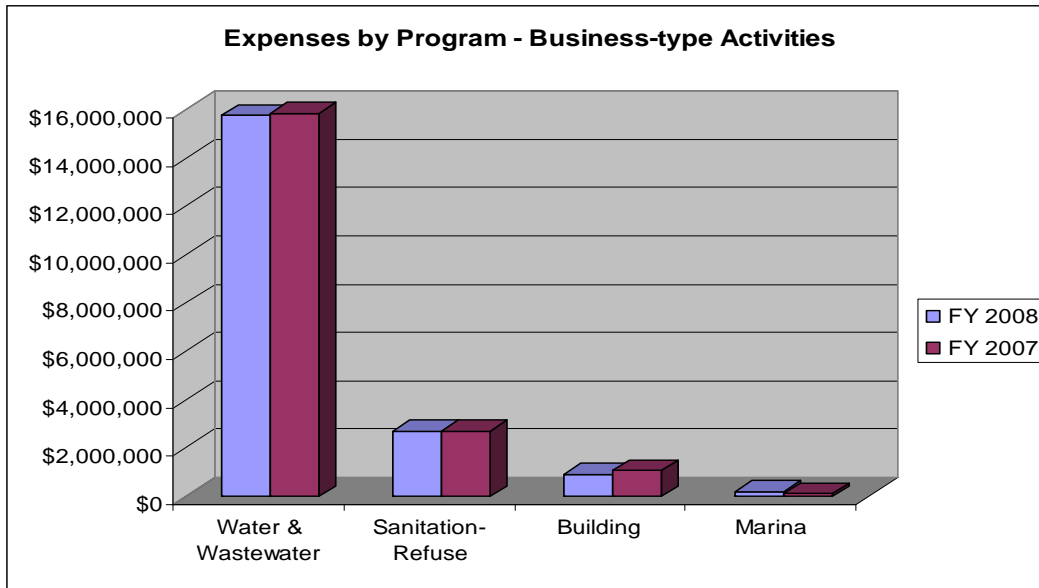
There were no Operating grants received in FY 2008 which is a decrease of \$61 thousand from the prior year.

Capital grants and contributions increased by \$3 million, or 88.6%. There was a significant decrease in Water and Sewer Impact fees of \$.6 million from the prior year. This decrease was more than offset by an increase in Developer's contributed water & wastewater infrastructure of \$3.4 million as several large commercial projects were completed in FY 2008. Also there was an increase of \$213 thousand in capital grants for the water plant expansion from 8 mgd to 10 mgd capacity.

The Other category decreased by \$846 thousand, or 47.5%. This was a result of decreased insurance proceeds of \$433 thousand in the Water & Wastewater Utility related to Hurricane Charley. Also interest earned decreased \$488 thousand due to lower interest rates on investments. The gain on disposition of capital assets increased \$ 30 thousand

and miscellaneous revenues increased \$29 thousand. In addition, there was a \$15 thousand transfer from the CRA Fund to the Water & Wastewater Utility Fund.

Below is a chart of expenses by program for business-type activities.



The Water & Wastewater Utility expenses decreased \$87 thousand, or .6%, in comparison to the prior year. This increase was caused by several factors. Personnel services increased \$54 thousand as a result of increases in health insurance rates and merit increases that were offset by a reduction of 1.5 employees that occurred mid-year and decreases in temporary employees that were needed in the prior fiscal year to cover the licensures needed on premise at all times in the water treatment division. The most significant change in operating expenses was the increase in gasoline costs (43%) as well as other petroleum based products such as chemicals. Most other operating expenses in general decreased as divisions tried to spend very conservatively by cutting back on training and travel, materials and supplies, uniforms, communication services, etc. In addition, depreciation expense showed a decrease as some equipment was sold and other fully depreciated equipment was not replaced in the current fiscal year.

The Sanitation/Refuse expenses increased by \$1 thousand, or .1%. There was an increase in personnel services of \$14 thousand caused by increased insurance rates and merit increases. Several operating accounts had significant increases such as fuel and recycling charges. All increases were offset by other operating expenses that decreased significantly such as landfill fees and repair & maintenance.

The Building Fund's expenses decreased by \$171 thousand, or 15.9%. This is a direct result of a reduction in staff of 3 positions to mitigate the anticipated reduction in revenue activity.

The Laishley Park Marina was completed and opened in March 2007. Its expenses increased by \$100 thousand or 87.4%. The increase is a direct result of a full year of operations in FY 2008 and only 7 months of operation in FY 2007.

THE CITY'S FUNDS

General Fund Budgetary Highlights

The following is a brief review of the budgeting changes from the original budget to the final budget for the General Fund. The final expenditure budget increased \$ 157 thousand or .90% from the original budget, which can be briefly summarized as follows:

Incomplete projects from the prior year:

- Growth Management contract services- \$ 69 thousand
- Facilities Maintenance construction- \$ 29 thousand
- Procurement contractual services- \$ 28 thousand
- Fire Dept. operating expenses- \$ 22 thousand

The final revenue budget decreased by \$ 516 thousand or 2.67%, from the original budget, which can be briefly summarized as follows:

Projected decrease in revenues due to economic downturn:

- Half cents sales tax- decrease of \$ 239 thousand
- Infrastructure Sales Surtax- decrease of \$ 368 thousand
- Offsetting ISS Transfer from General Fund- decrease of \$ 388 thousand
- Fines & Forfeitures- increase of \$ 35 thousand
- Communications Service Tax- increase \$ 42 thousand
- Contributions from private sources- increase \$ 20 thousand

Significant variances between the General Fund's final amended budget and actual amounts are highlighted as follows:

Revenues:

- Franchise fees were under budget \$150 thousand due to decreased utilities usage.
- Infrastructure surtax and the local sales tax were \$ 51 thousand under amended budget directly due to the downturn in the economy.
- Lot Mowing Fees were under budget by \$ 39 thousand.
- Ad Valorem Tax Revenues were \$ 26 thousand under budget due to final corrections issued by the County Appraiser.
- Communications Service Tax exceeded budget by \$ 20 thousand as a result of a conservative approach to estimating revenue.

Expenditures:

- General government expenditures were under budget by \$ 480 thousand. Parks & Grounds personnel expenses were \$ 41 thousand under budget, and their other expenses were \$ 113 thousand under budget. Election expenses were under budget by \$ 53 thousand- no general election was necessary. The city-wide usage of electricity was under budget by \$67 thousand due to conservation measures; repairs & maintenance was under budget by \$ 43 thousand; and other operating expenses were under budget by \$ 42 thousand.
- Public Safety police personnel expenses were under budget by \$ 41 thousand due to savings from turnover - vacancies and lower salaries.
- Public Safety fire was under budget by \$ 87 thousand. Repairs & maintenance was under budget by \$ 15 thousand; uniforms were under budget by \$14 thousand. The remaining \$ 58 thousand was spread between several areas.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets as of September 30, 2008 reflect an investment of \$96.0 million, net of accumulated depreciation.

The following table provides a summary of net capital assets by category for both Governmental and Business-type activities.

Table 4
Capital Assets at Year End
(net of Depreciation, in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land	\$ 10,527	\$ 9,916	\$ 5,403	\$ 5,403	\$ 15,930	\$ 15,319
Buildings	6,496	6,702	2,920	3,538	9,416	10,240
Improvements						
other than buildings	6,250	5,644	7,847	8,504	14,097	14,148
Machinery and equipment	3,609	4,101	2,405	3,086	6,014	7,187
Infrastructure / System	13,402	13,923	27,027	22,895	40,429	36,818
Construction						
work in progress	<u>4,618</u>	<u>1,234</u>	<u>5,453</u>	<u>3,082</u>	<u>10,071</u>	<u>4,316</u>
Total Capital Assets	<u>\$ 44,902</u>	<u>\$ 41,520</u>	<u>\$ 51,055</u>	<u>\$ 46,508</u>	<u>\$ 95,957</u>	<u>\$ 88,028</u>

Significant changes to assets this year include:

- (2) ¼ ton pickup trucks for Parks & Grounds. \$ 26 thousand
- Riding mower for Parks & Grounds. \$ 9 thousand
- Catamaran with motor and trailer for Police. \$ 74 thousand
- (2) Digital video camera mirror kits for Police. \$ 10 thousand
- Fitness equipment for Fire. \$ 40 thousand
- Thermal imaging camera for Fire. \$ 13 thousand
- Backhoe loader for PGI Canal Maintenance. \$ 47 thousand
- (2) 500 gallon fuel storage tanks for WTP. \$ 6 thousand
- Boat, motor, and trailer for WTP. \$ 14 thousand
- Pumps, flushing devices, transducers at WTP. \$ 25 thousand
- Replaced roof on chemical building at WTP. \$ 10 thousand
- Maintenance shop building at WTP. \$ 219 thousand
- Telemetry equipment for SCADA for WW Collection. \$ 49 thousand

- Pumping equipment on trailer for WW Collection. \$ 31 thousand
- SCADA equipment upgrade for WWTP. \$ 11 thousand
- ABS process mixer for WWTP. \$ 11 thousand
- Pumps for WWTP. \$ 29 thousand
- Desktops, laptops, computer catalysts, servers, & scanners. \$ 157 thousand
- Laishley Park phase II project. \$ 198 thousand
- Parking garage project. \$ 1.3 million
- Land acquisition of 2 vacant lots. \$ 611 thousand
- City beautification, road and park Improvements. \$ 539 thousand
- Public parking. \$ 308 thousand
- East Punta Gorda improvements. \$ 256 thousand
- Fire station. \$ 1.6 million
- Sidewalks project. \$ 338 thousand
- Aqui Esta widening project. \$ 125 thousand
- Railroad crossing projects. \$ 73 thousand
- Downtown flooding project. \$ 375 thousand
- WTP expansion Project. \$ 1.4 million

Debt

As of September 30, 2008 the City had \$22.3 million of revenue note debt in the Governmental Activities. This is a net increase of \$ 13.9 million as compared to prior year. A tax exempt revenue note, in the amount of \$ 13.9 million and a \$.6 million nontax exempt were issued on June 19, 2008. The debt proceeds are being used for the construction of a public parking garage in the downtown area. Principal of \$.6 million was paid on existing debt. The business-type activities bond and note debt was \$15.8 million. This is a decrease of \$1.8 million in principal payments. Capital leases at year end were \$ 603 thousand after principal payments of \$171 thousand.

For additional information regarding capital assets and debt refer to footnote D (pages 54-55) and footnote E (56-62).

ECONOMIC FACTORS AFFECTING NEXT YEAR'S BUDGET AND RATES

National and State economies are key factors in assessing the City's future fiscal picture. Changes in the national, state and local economies can affect both revenues and expenditures, due to the impact on sales tax receipts and the costs and demand of providing city services. While economic changes at the state and national level can often translate into comparable changes locally, it is important to note that Punta Gorda and the Southwest Florida region as a whole, often behave differently, displaying economic trends and reflecting experience that may lag or precede observed changes elsewhere.

The real estate and construction sectors are key to Florida's economic outlook, which has recently been experiencing a downturn (2006, 2007 and 2008 to-date) from record-high home sales, rising home prices and substantial increases in both residential and nonresidential construction activity through 2005. In response to the downturn, the Federal Reserve System (FED) reduced the federal funds interest rate in increments through April 2008 to 2.0%, the lowest level since November 2004. Now that inflation has become a greater concern, the FED has retained the rate to keep inflation grounded against the desire to boost economic growth. It is forecasted that improvement in the overall economy and inflationary concerns may push the FED to begin raising interest rates late 2008 or early 2009. The FED forecast has 2008 national growth between 1.0 and 1.6 percent and national unemployment between 5.5 and 5.7 percent. Growth is projected to be in the range of 2.0 to 3.0 percent in 2009 and 2010. It should be noted that the FY 2009 budget was developed with the aforementioned indicators and projections. However as of December 2008, the federal funds interest rate decreased to .25% and the national unemployment rate increased to 7.2%

State Economic Highlights (Fishkind & Associates)

Slower growth 2007-2008

- Weaker national economy
- Soft housing markets limit migration into state
- Florida's single-family market bottoms
- Land prices eroding

Stronger Growth 2009-2010

- Improving migration trends
- Stronger housing markets

Charlotte County Economic Highlights

Challenges

- The number of single-family building permits issued in 2007 was 915 compared to a high of 2,756 in 2005. In Punta Gorda, 37 permits were issued in 2007 compared to 100 in 2005.
- Taxable sales continue to trend downward from a high in December 2006. For instance, over the past year taxable sales have declined 10% in Charlotte County. A declining trend is consistent throughout Southwest Florida and the State.

- Unemployment is 7.6% as of June 2008, above the national and state rates of 5.7%. The County's unemployment rate is the third highest in the State. One year ago, the unemployment rate in the County was only 5.2%. The continued slowdown in housing and construction is resulting in increased levels of unemployment. (As of December 2008, the County unemployment rate increased to 9.9% and the State unemployment rate increased to 8.1%.)
- The single-family home median sales price has fallen from a high of \$240,000 in October 2005 to \$141,000 in June 2008. The County has emerged as the most affordable residential real estate market in the State.
- In a 2007 survey, Moody's Economy reported that the Punta Gorda metropolitan statistical area led the nation in home price decline over one year ago - 35.3%. The report projects that the bottom will occur in the second quarter in 2009. One needs to be cognizant that references to Punta Gorda may actually extend beyond the municipal boundaries of the City.
- Population of Charlotte County is estimated at 165,000 as of December 2007, up from just over 100,000 in 1990. Population growth may not be as large in the future due to a number of factors such as building code and hurricane restrictions, construction costs and lack of baby boomers to follow the current age to retirement.

Opportunities

- Significant development-related projects to be undertaken in the County within the vicinity of the City include improvements to I-75 off ramps at Jones Loop Road, new Wal-Mart Supercenter on Jones Loop Rd, The Loop (mixed-use retail center with over 1 million sq. ft. of commercial space and future residential units), and Piper Road reconstruction to serve the Enterprise Charlotte Airport Park.
- The Airport also has a new \$5.5 million 16,000 square foot terminal to serve commercial airline service. Recently, Skybus offered airline service to selected destination communities but declared bankruptcy and closed all operations. The Airport Authority is seeking a replacement airline service at this time.
- Economic development potential exists at the Airport site. Scheduled to provide services in 2008 is Arcadia Aerospace Industries which will generate 28 new jobs, 32 indirect jobs and create an economic impact of \$2.5 million in its first year. Employees are expected to earn between 50% and 200% above the average wage of the County.
- Significant tourism-related projects include reconstruction of a new \$19 million Charlotte Harbor Event & Conference Center in downtown Punta Gorda. Scheduled to open December 2008, the 43,500 sq ft facility will be twice the size of the former auditorium and outfitted to meet the needs of conferences and events.
- Another major economic driver is the new Babcock Ranch community.

Punta Gorda Economic Highlights

Demographics & Tax Base

- Population projections show a 2007 City population of 18,123, up from 16,255 two years ago, and a 2010 estimate of 18,652.

- Changes in taxable assessed property values continue to contribute major influence on financial planning and budget preparation. For the second year in a row, taxable property values decreased city-wide (12.8% in FY 2009 & 5.0% FY 2008) and in the Community Redevelopment Area (12.9% FY 2009 & 5.5% FY 2008). These declines are in contrast to increases averaging approximately 27% during the period 2000-2007.

Current development projects and improvements in the City include:

- Herald Court parking facility to provide 400 parking spaces and retail space
- Redevelopment of the Punta Gorda Shopping Mall site to include parking and pedestrian improvements and street extension
- Laishley Park improvements to include an interactive fountain, amphitheatre, Waterfront Marketplace and restrooms
- Linear park that will link the City's pedestrian system
- Expansion of Cooper Street Recreation Center with grant funding
- Downtown flooding mitigation project with 75% grant funding
- Sunloft residential/commercial building
- Wyvern and Four Points Sheraton Hotels

Based on mandates of State tax reform that include an increase in the Homestead exemption from \$25,000 to \$50,000, a stagnant economy, declining general fund revenues, and a fiscal forecast that projects deficits beginning in FY 2010, the budget was developed with the following guidelines:

- Match recurring revenues with expenditures
- Do not use undesignated reserves for FY 2009 expenditures
- Leave funds on sound financial footing for the future

** In January 2009 it was announced that the maximum increase in homestead property values could not be higher than .1% the increase of the CPI index from the prior year. This percentage was not known at the time of the budget and a 3% increase in homestead property values was used based on prior year increase of CPI index of 4.1%.

Along with the decrease in property values, the City had become aware of the slowdown in permit related activities. Therefore, revenues related to additional housing units (such as utility user fees, impact fees, sales tax, etc) were budgeted with a 0-2% growth rate in FY 2009. The water and wastewater fund showed significant decreases in charges for services caused by mandatory water restrictions. For the first time since 1996, a rate adjustment was necessary to pay for core operating expenses, priority capital projects, as well as satisfy required bond covenants.

The reduction in revenues guided the expenditure/expense reductions and service level reductions to balance the budget. In the prior year budget, the financial policy for the General Fund reserves was readdressed to include a range of 5% minimum to 10% preferred. The FY 2009 budget kept the 5% reserve minimum with any remaining reserves used to balance the budget. Also there was a reduction of 17.5 funded positions through attrition and a voluntary separation program.

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BASIC FINANCIAL STATEMENTS

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF NET ASSETS
September 30, 2008

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$24,285,173	\$ 6,323,789	\$30,608,962
Investments	955	-	955
Receivables (net of allowance for uncollectibles)	975,417	649,635	1,625,052
Due from other governments	627,820	-	627,820
Internal balances	(119,170)	119,170	-
Inventories	66,210	116,114	182,324
Prepays (including excess NPO \$46,776)	225,634	449,227	674,861
Deferred charges	-	528,623	528,623
Restricted assets:			
Cash and cash equivalents	13,325	12,368,074	12,381,399
Investments	-	18,954	18,954
Receivables	-	3,446	3,446
Due from other governments	-	189,062	189,062
Capital assets (net of accumulated depreciation):			
Land	10,526,584	5,403,346	15,929,930
Buildings	6,495,553	2,919,964	9,415,517
Improvements other than buildings	6,249,891	7,846,610	14,096,501
Machinery and equipment	3,609,399	2,405,398	6,014,797
Infrastructure/System	13,402,493	27,026,675	40,429,168
Construction in progress	4,618,492	5,452,822	10,071,314
Total assets	<u>70,977,776</u>	<u>71,820,909</u>	<u>142,798,685</u>
LIABILITIES			
Accounts payable and other current liabilities	2,499,093	1,576,489	4,075,582
Deferred revenue	510,004	-	510,004
Liabilities payable from restricted assets	-	784,726	784,726
Long-term liabilities:			
Due within one year	744,986	1,515,071	2,260,057
Due in more than one year	22,356,388	14,686,399	37,042,787
Total liabilities	<u>26,110,471</u>	<u>18,562,685</u>	<u>44,673,156</u>
NET ASSETS			
Invested in capital assets, net of related debt	22,648,403	34,966,838	57,615,241
Restricted for:			
Highways and streets	9,035	-	9,035
Capital projects	14,748,301	7,722,854	22,471,155
Debt service	1,793,418	1,955,301	3,748,719
Other purposes	13,325	866,916	880,241
Unrestricted	5,654,823	7,746,315	13,401,138
Total net assets	<u>\$44,867,305</u>	<u>\$53,258,224</u>	<u>\$98,125,529</u>

See Accompanying Notes.

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2008

	<u>Expenses</u>	<u>Indirect Expenses Allocation</u>	<u>Program Revenues</u>		
			<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<u>Functions/Programs</u>					
Governmental Activities:					
General government	\$ 7,656,008	\$ (2,597,745)	\$ 494,777	\$ 538,684	\$ 722,525
Public Safety	8,475,071	-	46,151	7,884	153,041
Transportation	2,391,946	109,498	-	-	143,962
Economic environment	1,549,851	-	-	-	1,397,734
Recreation	4,733,133	181,173	2,497,130	-	80,127
Interest on long-term debt	349,841	-	-	-	-
Total Governmental Activities	<u>25,155,850</u>	<u>(2,307,074)</u>	<u>3,038,058</u>	<u>546,568</u>	<u>2,497,389</u>
Business-type Activities:					
Water and wastewater	13,927,014	1,834,064	11,644,843	-	6,376,950
Sanitation/refuse	2,418,779	278,768	2,837,053	-	-
Building Fund	706,518	194,242	778,176	-	-
Marina Fund	214,506	-	216,771	-	-
Total Business-type Activities	<u>17,266,817</u>	<u>2,307,074</u>	<u>15,476,843</u>	<u>-</u>	<u>6,376,950</u>
Total Functions/Programs	<u>\$42,422,667</u>	<u>\$ -0-</u>	<u>\$18,514,901</u>	<u>\$ 546,568</u>	<u>\$ 8,874,339</u>

General Revenues:
Property taxes
Franchise taxes
Utility taxes and gas taxes
Sales Taxes
Investment earnings
Miscellaneous revenue
Total general revenues
Transfers
Change in net assets
Net Assets Beginning
Net Assets - Ending

See Accompanying Notes.

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (3,302,277)	\$ -	\$ (3,302,277)
(8,267,995)	-	(8,267,995)
(2,357,482)	-	(2,357,482)
(152,117)	-	(152,117)
(2,337,049)	-	(2,337,049)
(349,841)	-	(349,841)
<u>(16,766,761)</u>	<u>-</u>	<u>(16,766,761)</u>
-	2,260,715	2,260,715
-	139,506	139,506
-	(122,584)	(122,584)
<u>-</u>	<u>2,265</u>	<u>2,265</u>
<u>-</u>	<u>2,279,902</u>	<u>2,279,902</u>
<u>(16,766,761)</u>	<u>2,279,902</u>	<u>(14,486,859)</u>
7,319,612	-	7,319,612
1,365,284	13,757	1,379,041
3,348,743	-	3,348,743
3,192,142	-	3,192,142
466,383	546,821	1,013,204
683,480	374,094	1,057,574
<u>16,375,644</u>	<u>934,672</u>	<u>17,310,316</u>
<u>(15,000)</u>	<u>15,000</u>	<u>-</u>
<u>(406,117)</u>	<u>3,229,574</u>	<u>2,823,457</u>
<u>45,273,422</u>	<u>50,028,650</u>	<u>95,302,072</u>
<u>\$ 44,867,305</u>	<u>\$ 53,258,224</u>	<u>\$ 98,125,529</u>

CITY OF PUNTA GORDA, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2008

ASSETS	General	Debt Service Fund	Community Redevelopment Agency Fund	P G I Canal Maintenance Fund	Capital Project Fund	Impact Fees Transportation	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$1,772,617	\$ 1,793,418	\$ 338,954	\$ 849,070	\$ 15,768,334	\$2,037,799	\$1,289,472	\$23,849,664
Investments	955	-	-	-	-	-	-	955
Accounts receivable (net of allowance of \$24,287)	970,649	-	-	-	-	-	-	970,649
Accrued interest receivable	2,108	-	464	953	131	143	663	4,462
Restricted cash and equivalents	13,325	-	-	-	-	-	-	13,325
Due from other funds	-	-	-	-	123,988	-	-	123,988
Due from other governments	296,216	-	-	47,654	202,636	-	81,314	627,820
Inventories	66,210	-	-	-	-	-	-	66,210
Prepaid items	171,735	-	-	3,067	-	-	1,300	176,102
Total assets	<u>\$3,293,815</u>	<u>\$ 1,793,418</u>	<u>\$ 339,418</u>	<u>\$ 900,744</u>	<u>\$ 16,095,089</u>	<u>\$2,037,942</u>	<u>\$1,372,749</u>	<u>\$25,833,175</u>

See Accompanying Notes.

CITY OF PUNTA GORDA, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2008
(Continued)

LIABILITIES AND FUND BALANCES	General	Debt Service Fund	Community Redevelopment Agency Fund	P G I Canal Maintenance Fund	Capital Project Fund	Impact Fees Transportation	Other Governmental Funds	Total Governmental Funds
Accounts payable	\$ 284,955	\$ -	\$ 98,891	\$ 83,391	\$ 1,145,105	\$ -	\$ 303,983	\$ 1,916,325
Retainage payable	-	-	12,078	49,057	201,683	-	7,337	270,155
Accrued liabilities	225,309	-	-	12,476	-	-	-	237,785
Due to other funds	123,988	-	-	-	-	-	-	123,988
Deferred revenue	510,004	-	-	-	-	-	-	510,004
Total liabilities	<u>1,144,256</u>	<u>-</u>	<u>110,969</u>	<u>144,924</u>	<u>1,346,788</u>	<u>-</u>	<u>311,320</u>	<u>3,058,257</u>
Fund balances								
Reserved for:								
Permanent fund	-	-	-	-	-	-	9,035	9,035
Capital improvements and maintenance	-	-	-	-	14,748,301	-	-	14,748,301
Debt service	-	1,793,418	-	-	-	-	-	1,793,418
Reserved for other	13,325	-	-	-	-	-	-	13,325
Unreserved								
Designated for reappropriations	240,932	-	228,449	-	-	-	-	469,381
Designated for subsequent year's budget	721,756	-	-	-	-	-	-	721,756
Undesignated - reported in Special Revenue Funds	-	-	-	-	-	-	1,052,394	1,052,394
Undesignated - major funds	1,173,546	-	-	755,820	-	2,037,942	-	3,967,308
Total fund balances	<u>2,149,559</u>	<u>1,793,418</u>	<u>228,449</u>	<u>755,820</u>	<u>14,748,301</u>	<u>2,037,942</u>	<u>1,061,429</u>	<u>22,774,918</u>
Total liabilities and fund balances	<u>\$3,293,815</u>	<u>\$ 1,793,418</u>	<u>\$ 339,418</u>	<u>\$ 900,744</u>	<u>\$ 16,095,089</u>	<u>\$2,037,942</u>	<u>\$1,372,749</u>	

See Accompanying Notes.

CITY OF PUNTA GORDA, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2008
(Continued)

Total brought forward \$22,774,918

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. Total Capital Assets \$44,902,412 less amount included in internal services \$564,939.	44,337,473
Internal service funds are used by management to charge the costs of fleet maintenance and management information systems to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	891,729
Cumulative effect of business type portion of internal services	(119,170)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Total debt \$23,101,374 less amount included in internal services \$36,953.	(23,064,421)
Excess "Net Pension Obligation" is an asset on the Statement of Net Assets but is not a financial resource.	46,776
Net assets of governmental activities	<u><u>\$44,867,305</u></u>

See Accompanying Notes.

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2008

	General	Debt Service Fund	Community Redevelopment Agency Fund	P G I Canal Maintenance Fund	Capital Project Fund	Impact Fees Transportation	Other Governmental Funds	Total Governmental Funds
Revenues								
Taxes	\$ 9,928,267	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,928,267
Licenses and permits	1,411,185	-	-	-	-	-	-	1,411,185
Intergovernmental revenues	3,923,231	-	1,236,559	72,758	571,145	-	1,117,882	6,921,575
Charges for services	369,828	-	-	-	-	-	-	369,828
Fines and forfeitures	167,949	-	-	-	-	-	-	167,949
Miscellaneous	2,952,567	-	33,613	2,148,310	248,466	212,217	656,273	6,251,446
Total revenues	18,753,027	-	1,270,172	2,221,068	819,611	212,217	1,774,155	25,050,250
Expenditures								
Current								
General government	5,968,030	-	-	-	-	-	186,575	6,154,605
Public safety	8,125,330	-	-	-	-	-	-	8,125,330
Transportation	1,134,955	-	-	-	-	-	772,533	1,907,488
Economic environment	-	-	1,302,451	-	-	-	359,303	1,661,754
Recreation	1,428,175	-	-	2,515,275	-	-	397,979	4,341,429
Capital outlay	-	-	843,114	-	5,495,575	-	-	6,338,689
Debt service								
Principal retirement	100,000	-	523,000	25,000	-	-	-	648,000
Interest and fiscal charges	14,012	19,674	315,110	1,045	-	-	-	349,841
Total expenditures	16,770,502	19,674	2,983,675	2,541,320	5,495,575	-	1,716,390	29,527,136
Excess expenditures (over) under revenues	1,982,525	(19,674)	(1,713,503)	(320,252)	(4,675,964)	212,217	57,765	(4,476,886)

See Accompanying Notes.

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2008
(Continued)

	General	Debt Service Fund	Community Redevelopment Agency Fund	P G I Canal Maintenance Fund	Capital Project Fund	Impact Fees Transportation	Other Governmental Funds	Total Governmental Funds
Expenditures (continued)								
Excess expenditures (over) under revenues	1,982,525	(19,674)	(1,713,503)	(320,252)	(4,675,964)	212,217	57,765	(4,476,886)
Other financing sources (uses)								
Transfers in	132,000	-	1,007,966	-	2,564,284	-	-	3,704,250
Transfers out	(2,569,801)	-	(15,000)	-	(486,500)	(487,347)	(160,602)	(3,719,250)
Debt issued	-	1,813,092	-	-	12,615,000	-	-	14,428,092
Total other financing sources	(2,437,801)	1,813,092	992,966	-	14,692,784	(487,347)	(160,602)	14,413,092
Net change in fund balances	(455,276)	1,793,418	(720,537)	(320,252)	10,016,820	(275,130)	(102,837)	9,936,206
Fund balances, October 1, 2007	2,604,835	-	948,986	1,076,072	4,731,481	2,313,072	1,164,266	12,838,712
Fund balances, September 30, 2008	<u>\$ 2,149,559</u>	<u>\$ 1,793,418</u>	<u>\$ 228,449</u>	<u>\$ 755,820</u>	<u>\$ 14,748,301</u>	<u>\$ 2,037,942</u>	<u>\$1,061,429</u>	<u>\$22,774,918</u>

CITY OF PUNTA GORDA, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2008

Amounts reported for governmental activities in the statement of activities (page 21)
are different because:

Net change in fund balances -- total governmental funds (page 26)	\$ 9,936,206
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation and capital asset adjustments were below capital outlays in the current period.	3,413,959
The issuance of long-term debt (e.g., bonds, leases) \$(14,428,092) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt \$648,000 consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and accrued interest.	(13,780,092)
Some expenditures reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, ie Change in Excess NPO \$(766) and Compensated absences \$(26,545).	(27,311)
Internal service funds are used by management to charge the costs of fleet maintenance and management information systems to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>51,121</u>
Change in net assets of governmental activities (page 21)	<u><u>\$ (406,117)</u></u>

See Accompanying Notes.

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended September 30, 2008

	Budgets		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
Revenues				
Taxes	\$ 11,196,934	\$ 9,906,399	\$ 9,928,267	\$ 21,868
Licenses and permits	116,000	1,419,200	1,411,185	(8,015)
Intergovernmental revenues	4,563,589	3,959,866	3,923,231	(36,635)
Charges for services	385,450	398,700	369,828	(28,872)
Fines and forfeitures	125,000	168,220	167,949	(271)
Miscellaneous	2,923,750	2,942,620	2,952,567	9,947
	<u>19,310,723</u>	<u>18,795,005</u>	<u>18,753,027</u>	<u>(41,978)</u>
Total revenues				
Expenditures				
Current				
General government	6,330,102	6,448,527	5,968,030	480,497
Public safety	8,286,647	8,312,482	8,125,330	187,152
Transportation	1,227,779	1,226,784	1,134,955	91,829
Recreation	1,566,609	1,582,764	1,428,175	154,589
Debt service				
Principal retirement	100,000	100,000	100,000	-
Interest and fiscal charges	16,050	14,022	14,012	10
	<u>17,527,187</u>	<u>17,684,579</u>	<u>16,770,502</u>	<u>914,077</u>
Total expenditures				
Excess revenues over expenditures	<u>1,783,536</u>	<u>1,110,426</u>	<u>1,982,525</u>	<u>872,099</u>
Other financing sources (uses)				
Transfers in	132,000	132,000	132,000	-
Transfers out	(2,981,085)	(2,593,134)	(2,569,801)	23,333
	<u>(2,849,085)</u>	<u>(2,461,134)</u>	<u>(2,437,801)</u>	<u>23,333</u>
Total other financing sources (uses)				
Net change in fund balances	<u>\$ (1,065,549)</u>	<u>\$ (1,350,708)</u>	(455,276)	<u>\$ 895,432</u>
Fund balances, October 1, 2007			<u>2,604,835</u>	
Fund balances, September 30, 2008			<u>\$ 2,149,559</u>	

See Accompanying Notes.

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
COMMUNITY REDEVELOPEMENT AGENCY FUND
For the Fiscal Year Ended September 30, 2008

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenues	\$ 1,239,553	\$ 1,236,559	\$ 1,236,559	\$ -
Miscellaneous	55,500	35,500	33,613	(1,887)
Total revenues	<u>1,295,053</u>	<u>1,272,059</u>	<u>1,270,172</u>	<u>(1,887)</u>
Expenditures				
Economic environment	1,097,500	1,435,753	1,302,451	133,302
Capital outlay	6,447,000	1,295,303	843,114	452,189
Debt service				
Principal retirement	626,854	523,000	523,000	-
Interest and fiscal charges	492,279	317,279	315,110	2,169
Total expenditures	<u>8,663,633</u>	<u>3,571,335</u>	<u>2,983,675</u>	<u>587,660</u>
Excess revenues over (under) expenditures	<u>(7,368,580)</u>	<u>(2,299,276)</u>	<u>(1,713,503)</u>	<u>585,773</u>
Other financing sources (uses)				
Transfers in	611,417	1,007,966	1,007,966	-
Transfers out	-	(15,000)	(15,000)	-
Debt issue	7,000,000	-	-	-
Total other financing sources	<u>7,611,417</u>	<u>992,966</u>	<u>992,966</u>	<u>-</u>
Net change in fund balances	<u>\$ 242,837</u>	<u>\$ (1,306,310)</u>	<u>(720,537)</u>	<u>\$ 585,773</u>
Fund balances, October 1, 2007			<u>948,986</u>	
Fund balances, September 30, 2008			<u>\$ 228,449</u>	

See Accompanying Notes.

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
P G I CANAL MAINTENANCE SPECIAL REVENUE FUND
For the Fiscal Year Ended September 30, 2008

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 72,758	\$ 72,758	\$ -
Interest	60,000	45,000	39,913	(5,087)
Miscellaneous				
Service assessments	2,060,160	2,082,452	2,082,697	245
Other	20,000	21,653	25,700	4,047
	<u>2,140,160</u>	<u>2,221,863</u>	<u>2,221,068</u>	<u>(795)</u>
Total revenues				
Expenditures				
Current				
Recreation	2,669,157	2,704,166	2,515,275	188,891
Debt service				
Principal retirement	25,000	25,000	25,000	-
Interest and fiscal charges	1,523	1,523	1,045	478
	<u>2,695,680</u>	<u>2,730,689</u>	<u>2,541,320</u>	<u>189,369</u>
Total expenditures				
Excess revenues over (under) expenditures	<u>(555,520)</u>	<u>(508,826)</u>	<u>(320,252)</u>	<u>188,574</u>
Net change in fund balance	<u>\$ (555,520)</u>	<u>\$ (508,826)</u>	<u>(320,252)</u>	<u>\$ 188,574</u>
Fund balances, October 1, 2007			<u>1,076,072</u>	
Fund balances, September 30, 2008			<u>\$ 755,820</u>	

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
TRANSPORTATION IMPACT FEE SPECIAL REVENUE FUND
For the Fiscal Year Ended September 30, 2008

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Interest	\$ 50,000	\$ 63,000	\$ 71,129	\$ 8,129
Miscellaneous	300,000	140,000	141,088	1,088
Total revenues	<u>350,000</u>	<u>203,000</u>	<u>212,217</u>	<u>9,217</u>
Expenditures				
Total expenditures	-	-	-	-
Excess revenues over expenditures	<u>350,000</u>	<u>203,000</u>	<u>212,217</u>	<u>9,217</u>
Other financing uses				
Transfers out	<u>(1,994,650)</u>	<u>(2,465,649)</u>	<u>(487,347)</u>	<u>1,978,302</u>
Total other financing uses	<u>(1,994,650)</u>	<u>(2,465,649)</u>	<u>(487,347)</u>	<u>1,978,302</u>
Net change in fund balance	<u><u>\$(1,644,650)</u></u>	<u><u>\$(2,262,649)</u></u>	<u>(275,130)</u>	<u><u>\$ 1,987,519</u></u>
Fund balances, October 1, 2007			<u>2,313,072</u>	
Fund balances, September 30, 2008			<u><u>\$ 2,037,942</u></u>	

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2008

ASSETS	Business-type Activities Enterprise Funds	
	Water and Wastewater Utility	Sanitation/ Refuse Fund
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,564,364	\$ 513,687
Accounts and refund receivable (net of allowance of \$307,495)	452,649	191,070
Inventories	116,114	-
Prepaid items	95,132	10,890
Accrued interest receivable	2,644	528
Restricted cash and cash equivalents	12,355,274	-
Restricted investments, at amortized cost which approximates fair value	18,954	-
Restricted due from other governments	189,062	-
Restricted accrued interest receivable	3,446	-
Total current assets	17,797,639	716,175
NONCURRENT ASSETS		
Capital assets, net of accumulated depreciation	50,368,323	663,713
Unamortized issuance costs	528,623	-
Prepaid rent	340,944	-
Total noncurrent assets	51,237,890	663,713
Total assets	\$69,035,529	\$1,379,888

See Accompanying Notes.

Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
Building Fund	Marina Fund	Total	
\$1,179,790	\$ 65,948	\$ 6,323,789	\$ 435,509
-	2,504	646,223	-
-	-	116,114	-
780	1,481	108,283	2,756
175	65	3,412	306
9,424	3,376	12,368,074	-
-	-	18,954	-
-	-	189,062	-
-	-	3,446	-
<u>1,190,169</u>	<u>73,374</u>	<u>19,777,357</u>	<u>438,571</u>
22,779	-	51,054,815	564,939
-	-	528,623	-
-	-	340,944	-
<u>22,779</u>	<u>-</u>	<u>51,924,382</u>	<u>564,939</u>
<u>\$1,212,948</u>	<u>\$ 73,374</u>	<u>\$71,701,739</u>	<u>\$1,003,510</u>

(Continued)

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2008
(Continued)

LIABILITIES AND FUND EQUITY	Business-type Activities Enterprise Funds	
	Water and Wastewater Utility	Sanitation/ Refuse Fund
	CURRENT LIABILITIES	
Payable from current assets		
Accounts payable	\$ 892,025	\$ 74,352
Retainage payable	283,210	-
Notes payable	48,701	-
Current portion of revenue notes payable	696,579	-
Current portion of bonds payable	605,000	-
Current portion of leases payable	-	124,273
Accumulated unused compensated absences	30,740	7,533
Accrued liabilities	232,843	17,614
Total payable from current assets	2,789,098	223,772
Payable from restricted assets		
Accrued liabilities	99,113	-
Current portion of bonds payable	630,000	-
Customer deposits	42,813	-
Total payable from restricted assets	771,926	-
Total current liabilities	3,561,024	223,772
NONCURRENT LIABILITIES		
Revenue notes payable	7,198,448	-
Revenue bonds payable - less unamortized discount of \$270,798	6,644,202	-
Leases payable	-	479,092
Accrued compensated absences	276,661	67,793
Total noncurrent liabilities	14,119,311	546,885
Total liabilities	17,680,335	770,657
NET ASSETS		
Invested in capital assets net of related debt	34,883,711	60,348
Restricted for debt service	1,955,301	-
Restricted for renewal and replacement	866,916	-
Restricted for capital projects	7,722,854	-
Unrestricted	5,926,412	548,883
Total net assets	\$51,355,194	\$ 609,231
Cumulative adjustment for internal service fund activities		
Net assets of business-type activities		

See Accompanying Notes.

Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
Building Fund	Marina Fund	Total	
\$ 1,785	\$ 60,526	\$ 1,028,688	\$ 63,051
-	-	283,210	-
-	-	48,701	-
-	-	696,579	-
-	-	605,000	-
-	-	124,273	-
2,245	-	40,518	3,695
11,630	2,504	264,591	11,777
<u>15,660</u>	<u>63,030</u>	<u>3,091,560</u>	<u>78,523</u>
-	-	99,113	-
-	-	630,000	-
9,424	3,376	55,613	-
<u>9,424</u>	<u>3,376</u>	<u>784,726</u>	<u>-</u>
<u>25,084</u>	<u>66,406</u>	<u>3,876,286</u>	<u>78,523</u>
-	-	7,198,448	-
-	-	6,644,202	-
-	-	479,092	-
20,203	-	364,657	33,258
<u>20,203</u>	<u>-</u>	<u>14,686,399</u>	<u>33,258</u>
<u>45,287</u>	<u>66,406</u>	<u>18,562,685</u>	<u>111,781</u>
22,779	-	34,966,838	564,939
-	-	1,955,301	-
-	-	866,916	-
-	-	7,722,854	-
<u>1,144,882</u>	<u>6,968</u>	<u>7,627,145</u>	<u>326,790</u>
<u>\$1,167,661</u>	<u>\$ 6,968</u>	53,139,054	<u>\$ 891,729</u>
		<u>119,170</u>	
		<u>\$53,258,224</u>	

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2008

	Business-type Activities Enterprise Funds	
	Water and Wastewater Utility	Sanitation/ Refuse Fund
Operating revenue		
Charges for services	\$ 11,644,843	\$ 2,837,053
Licenses and permits	-	-
Miscellaneous	78,794	3,333
Total operating revenues	11,723,637	2,840,386
Operating expenses		
Personal services	4,855,526	1,084,891
Contractual services	925,489	676,120
Materials and supplies	1,452,249	133,332
Utilities	781,939	3,777
Depreciation	3,900,003	237,816
Insurance	211,230	31,017
Administrative charges	2,129,917	283,355
Repairs and maintenance	568,940	218,746
Travel and training	11,541	218
Rent	126,402	6,144
Total operating expenses	14,963,236	2,675,416
Operating income (loss)	(3,239,599)	164,970
Nonoperating revenues (expenses)		
Interest income	498,967	9,802
Taxes	-	13,757
Insurance proceeds	238,903	-
Interest expense and fiscal charges	(814,205)	(27,755)
Gain on disposition of capital assets	30,596	-
Total nonoperating revenues (expenses)	(45,739)	(4,196)
Income (loss) before transfers and contributions	(3,285,338)	160,774
Totals carried forward	(3,285,338)	160,774

See Accompanying Notes.

Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
Building Fund	Marina Fund	Total	
\$ 133,617	\$ 216,771	\$ 14,832,284	\$ 1,645,578
644,559	-	644,559	-
8,575	13,893	104,595	-
<u>786,751</u>	<u>230,664</u>	<u>15,581,438</u>	<u>1,645,578</u>
584,975	-	6,525,392	694,307
9,741	133,925	1,745,275	182,993
16,856	11,785	1,614,222	39,245
3,887	43,534	833,137	5,923
8,595	-	4,146,414	194,079
2,120	6,750	251,117	28,120
271,021	-	2,684,293	19,796
1,508	3,138	792,332	288,107
3,283	-	15,042	39,950
2,002	15,374	149,922	81,826
<u>903,988</u>	<u>214,506</u>	<u>18,757,146</u>	<u>1,574,346</u>
<u>(117,237)</u>	<u>16,158</u>	<u>(3,175,708)</u>	<u>71,232</u>
37,265	787	546,821	9,407
-	-	13,757	-
-	-	238,903	-
-	-	(841,960)	-
-	-	30,596	(4,303)
<u>37,265</u>	<u>787</u>	<u>(11,883)</u>	<u>5,104</u>
<u>(79,972)</u>	<u>16,945</u>	<u>(3,187,591)</u>	<u>76,336</u>
<u>(79,972)</u>	<u>16,945</u>	<u>(3,187,591)</u>	<u>76,336</u>

(Continued)

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2008
(Continued)

	Enterprise Funds	
	Water and Wastewater Utility	Sanitation/ Refuse Fund
Totals brought forward	\$ (3,285,338)	\$ 160,774
Transfers in	15,000	-
Contributions	6,376,950	-
Change in net assets	3,106,612	160,774
Total net assets - beginning	48,248,582	448,457
Total net assets - ending	\$ 51,355,194	\$ 609,231

Adjustment to reflect the consolidation of internal service fund
activities related to enterprise funds
Change in net assets of business-type activities (page 21)

See Accompanying Notes.

Enterprise Funds			Activities - Internal Service Funds
Building Fund	Marina Fund	Total	
<u>\$ (79,972)</u>	<u>\$ 16,945</u>	<u>\$ (3,187,591)</u>	<u>\$ 76,336</u>
-	-	15,000	-
-	-	<u>6,376,950</u>	<u>-</u>
(79,972)	16,945	3,204,359	76,336
<u>1,247,633</u>	<u>(9,977)</u>		<u>815,393</u>
<u>\$ 1,167,661</u>	<u>\$ 6,968</u>		<u>\$ 891,729</u>
		<u>25,215</u>	
		<u>\$ 3,229,574</u>	

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2008

	Business-type Activities Enterprise Funds	
	Water and Wastewater Utility	Sanitation/ Refuse Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 11,825,599	\$ 2,866,778
Cash payments to suppliers for goods and services	(6,113,077)	(1,347,741)
Cash payments to employees for services	(4,805,861)	(1,108,928)
Other receipts	78,794	3,333
	<u>985,455</u>	<u>413,442</u>
Net cash provided by (used in) operating activities		
	<u>985,455</u>	<u>413,442</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating grants	(127,582)	-
Payments on advances to/from other funds	-	-
Taxes	-	13,757
Operating transfers	15,000	-
	<u>(112,582)</u>	<u>13,757</u>
Net cash provided by (used in) noncapital financing activities		
	<u>(112,582)</u>	<u>13,757</u>
CASH FLOWS USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of property, plant and equipment	(3,664,055)	-
Sale of property, plant and equipment	100,343	-
Principal paid on debt	(1,814,614)	(171,029)
Interest and fiscal charges paid	(692,015)	(27,755)
Contributions	2,025,493	-
Insurance proceeds	238,903	-
	<u>(3,805,945)</u>	<u>(198,784)</u>
Net cash used in capital and related financing activities		
	<u>(3,805,945)</u>	<u>(198,784)</u>
Totals carried forward	<u>(2,933,072)</u>	<u>228,415</u>

See Accompanying Notes.

Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
Building Fund	Marina Fund	Total	
\$ 775,630	\$ 219,526	\$ 15,687,533	\$ 1,645,578
(311,812)	(164,022)	(7,936,652)	(647,141)
(587,628)	-	(6,502,417)	(709,595)
8,575	13,893	104,595	-
<u>(115,235)</u>	<u>69,397</u>	<u>1,353,059</u>	<u>288,842</u>
-	-	(127,582)	-
-	(1,000)	(1,000)	-
-	-	13,757	-
-	-	15,000	-
<u>-</u>	<u>(1,000)</u>	<u>(99,825)</u>	<u>-</u>
-	-	(3,664,055)	(157,258)
-	-	100,343	610
-	-	(1,985,643)	-
-	-	(719,770)	-
-	-	2,025,493	-
-	-	238,903	-
<u>-</u>	<u>-</u>	<u>(4,004,729)</u>	<u>(156,648)</u>
<u>(115,235)</u>	<u>68,397</u>	<u>(2,751,495)</u>	<u>132,194</u>

(Continued)

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2008
(Continued)

	Business-type Activities Enterprise Funds	
	Water and Wastewater Utility	Sanitation/ Refuse Fund
Totals brought forward	\$ (2,933,072)	\$ 228,415
CASH FLOWS FROM INVESTING ACTIVITIES:		
Gross proceeds from maturities of investments	1,001,886	-
Interest received	<u>514,801</u>	<u>10,047</u>
Net cash provided by investing activities	<u>1,516,687</u>	<u>10,047</u>
Net increase (decrease) in cash and cash equivalents	(1,416,385)	238,462
Balances - beginning of the year	<u>18,336,023</u>	<u>275,225</u>
Balances - end of year	<u><u>\$ 16,919,638</u></u>	<u><u>\$ 513,687</u></u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ (3,239,599)	\$ 164,970
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	3,900,003	237,816
Net (increase) decrease in:		
Receivables	183,885	29,725
Inventories	27,923	-
Prepays	(50,466)	(10,890)
Net increase (decrease) in:		
Accounts payable	117,174	15,858
Accrued liabilities	49,665	(24,037)
Customer deposits	<u>(3,130)</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u><u>\$ 985,455</u></u>	<u><u>\$ 413,442</u></u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Disposal of fully depreciated capital assets	\$ 55,038	\$ -
Donated capital assets	4,799,496	-

See Accompanying Notes.

Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
Building Fund	Marina Fund	Total	
\$ (115,235)	\$ 68,397	\$ (2,751,495)	\$ 132,194
-	-	1,001,886	-
37,291	722	562,861	9,500
37,291	722	1,564,747	9,500
(77,944)	69,119	(1,186,748)	141,694
1,267,158	205	19,878,611	293,815
<u>\$ 1,189,214</u>	<u>\$ 69,324</u>	<u>\$ 18,691,863</u>	<u>\$ 435,509</u>
\$ (117,237)	\$ 16,158	\$ (3,175,708)	\$ 71,232
8,595	-	4,146,414	194,079
-	417	214,027	-
-	-	27,923	-
(780)	(1,481)	(63,617)	(2,756)
(614)	51,965	184,383	41,573
(2,653)	(417)	22,558	(15,286)
(2,546)	2,755	(2,921)	-
<u>\$ (115,235)</u>	<u>\$ 69,397</u>	<u>\$ 1,353,059</u>	<u>\$ 288,842</u>
\$ -	\$ -	\$ 55,038	\$ 338,966
-	-	4,799,496	-

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
September 30, 2008

	<u>Pension Funds</u>
ASSETS	
Cash and cash equivalents	\$ 3,181,746
Interest and dividends receivable	196,627
Investments, at fair value	
U.S. Treasury and Government Agencies	5,364,829
Corporate Obligations	4,389,849
Common Stocks	17,941,426
Common Stocks - ADR	<u>2,058,014</u>
Total investments at fair value	<u>29,754,118</u>
Total assets	<u>33,132,491</u>
LIABILITIES AND NET ASSETS	
Prepaid contributions	<u>2,183</u>
Total liabilities	<u>2,183</u>
Net assets	
Active and retired member equity	33,124,952
DROP plan benefits	<u>5,356</u>
Total Liabilities and Net Assets	<u><u>\$ 33,132,491</u></u>

See Accompanying Notes.

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the Fiscal Year September 30, 2008

	Pension Funds
ADDITIONS	
Contributions	
Employer	\$ 1,710,346
Insurance Premiums	534,303
Plan members	851,752
Total contributions	3,096,401
Investment earnings	
Net loss in fair value of investments	(5,570,660)
Interest and dividends	1,175,906
Total investment loss	(4,394,754)
Less investment expense	219,387
Net investment loss	(4,614,141)
Total reductions	(1,517,740)
DEDUCTIONS	
Benefits paid	1,496,755
Refunds of contributions	54,472
Administrative expenses	60,791
Total deductions	1,612,018
Change in net assets	(3,129,758)
Net assets held in trust for pension benefits	
Beginning of year	36,260,066
End of year	\$ 33,130,308

See Accompanying Notes.

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CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

I. Organization and Summary of Significant Accounting Policies

Organization

The City of Punta Gorda, Florida (the City) was created by authority granted under the laws of Florida 5085 (1901). The City operates under a form of government which is comprised of an elected City Council (five members), of which one of those members serves as Mayor. The City provides the following services: public safety, sanitation, right of way maintenance, parks and grounds maintenance, streets and roads, canal maintenance, planning and zoning, water and wastewater services, and general administrative services.

The City has adopted Statement of Governmental Accounting Standards Board Number 14, "Financial Reporting Entity" (GASB 14). This statement requires the financial statements of the City (the primary government) to include its component units, if any. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable.

Under criteria established by GASB 14 component units are to be either blended with the primary government or presented discretely. For a component unit to be blended it must meet one or both of the following two situations: (1) The board of the component unit is "substantively the same" as that of the primary government or (2) The component unit serves the primary government exclusively, or almost exclusively. The Community Redevelopment Agency meets both of these criteria in that the CRA board is the five City Council members plus an additional two at large members, and the CRA exists for the exclusive benefit of the primary government. The Punta Gorda Isles (PGI) and Burnt Store Isles (BSI) Canal Maintenance Assessment Districts are blended since they meet the necessary criteria in that these districts are "to be governed by a board of five members, who shall be the members of the City Council of the City of Punta Gorda". Also, the districts exist to maintain the City owned seawalls, and maintain navigability of canals within the city limits. This maintenance is almost exclusively for the benefit of the City. The pension plans of the City are also included as blended components. All changes in the pension plans must be approved by the City Council, and the pension plans were created for the exclusive benefit of the City.

The legal authority for the CRA is City ordinance #989-90. The legal authority for PGI and BSI is City ordinances #549-79 and #825-86 respectively. The legal authority for the General Employee, Police and Firefighters' Pension Funds is City ordinances #910-88, #836-86 and #837-86 respectively.

Separate Financial Statements are not prepared for the component units.

The following is a summary of the more significant accounting policies used in the preparation of these financial statements.

A. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) 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.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

I. Organization and Summary of Significant Accounting Policies, Continued

A. Government-wide and fund financial statements

Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrated the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

B. Measurement focus, basis of accounting, and financial statement presentation

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

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

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

The City reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

I. Organization and Summary of Significant Accounting Policies, Continued

B. Measurement focus, basis of accounting, and financial statement presentation, continued

The Debt Service Fund accounts for the accumulation of funds to make debt payments for the parking garage loan.

The Community Redevelopment Agency accounts for the resources received from the City and County to revitalize the downtown Punta Gorda area.

The P G I Canal Maintenance Fund accounts for funds to be utilized for the repair and upkeep of City-owned seawalls and maintain navigability of canals located in Punta Gorda Isles subdivision.

The Capital Projects Fund accounts for major projects or equipment purchases using various funding sources. This fund uses a project length budget.

The Transportation Impact Fee accounts for revenue received from impact fees and legal expenditures of these funds.

The City reports the following major proprietary funds:

The Water and Wastewater Utility accounts for the activities of providing customers with potable water and wastewater disposal services.

The Sanitation/Refuse accounts for the collection and disposal of solid waste.

The Building Fund accounts for collection of building related permits and fees.

The Marina Fund accounts for the management and revenues of the City's marina located in Laishley Park.

Additionally, the City reports the following funds:

Internal service funds account for information technology and fleet maintenance services provided to other departments or agencies of the City.

The Fiduciary Funds represent the Pension Trust Funds which account for the activities of the City's retirement system, which accumulate resources for pension benefit payments made to qualified general and public safety 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 Governmental Accounting Standards Board. 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.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

I. Organization and Summary of Significant Accounting Policies, Continued

B. Measurement focus, basis of accounting, and financial statement presentation, continued

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

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

Proprietary funds distinguish operating revenues and expenses from 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 Water and Wastewater Utility Enterprise Fund, Sanitation/Refuse Enterprise Fund, and the City's Internal Services funds are charges to customers for sales and services. The Building Fund's revenues are permits and fees collected which are directly related to the building activity in the City. The predominant revenue source for the Marina Fund is slip rental. The Water and Wastewater Utility also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, cash on deposit with financial institutions, and funds on deposit in the Local Government Surplus Funds Trust Fund Investment Pool administered by the Florida State Board of Administration. The City maintains pooled cash for substantially all City funds except for restricted cash and investments held with trustees. Equity in pooled cash is an accounting and investment tool employed by the City by which the City is able to invest large amounts of idle cash for short periods of time thereby maximizing earning potential. The pooled cash is included with cash and cash equivalents. Interest income is allocated based upon the proportionate balance of each fund's equity in pooled cash and investments. For the purposes of the statement of cash flows, the City considers highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

The City has implemented GASB Statement No. 31 which calls for investment reporting at fair value at Balance Sheet date. Since the difference between fair value and cost is minimal at Balance Sheet date, investments are stated at cost, or amortized cost, which approximates fair value. Investments held by the City's Pension Trust Funds are carried at fair value.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

I. Organization and Summary of Significant Accounting Policies, Continued

D. Accounts receivable and accrued revenues

Accounts receivable in the Water and Wastewater Utility Enterprise Fund do not include amounts for unbilled services for usage due to the immateriality of amount at September 30, 2008.

E. Short-term interfund receivables/payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

F. Inventories

Inventories consisting primarily of expendable supplies held for consumption are stated at average cost. For its governmental fund type inventories, the City utilizes the consumption method of accounting, which provides that expenditures are recognized when inventory is used. Inventories in the Enterprise Fund are valued at the lower of cost (average cost method) or market.

G. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30-40
Improvements other than buildings	10-40
Public domain infrastructure	20-50
System infrastructure	10-40
Machinery and equipment	5-20

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

I. Organization and Summary of Significant Accounting Policies, Continued

H. Accumulated compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation and some sick pay benefits, which will be paid to employees upon separation from City service if they meet certain criteria. The accumulated compensated absences are accrued when incurred and are reported as long-term liabilities in the Statement of Net Assets.

The pay or salary rates in effect at the balance sheet date were used in the accrual calculation.

These compensated absences are paid out of the various funds that have payroll, and their accumulated liabilities.

I. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which does not result in a material difference from the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources. Principal payments of long-term debt are reported as debt service expenditures.

J. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

K. Intragovernmental allocation of administrative expenses

The General Fund incurs certain administrative expenses for other funds including accounting, legal, personnel administration and other services. The funds that receive these services were charged \$2,597,745 for fiscal year 2008. For the government-wide financial statements these "Indirect Expenses" have been backed out to avoid double counting.

L. Unamortized gains or losses

Gains or losses from debt refundings are reported in the accompanying financial statements as an addition or deduction to bonds payable and have been charged to operations using the effective - interest method in accordance with the provisions of GASB Statement No. 23.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

II. Reconciliation of government-wide and fund financial statements

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including noncurrent liabilities, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$23,064,421 difference are as follows:

Noncurrent liabilities	\$23,101,374
Less: Internal Service Fund accumulated unused compensated absences included in Internal Service Fund consolidation	(36,953)
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities - Noncurrent liabilities	\$23,064,421

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$3,413,959 difference are as follows:

Capital outlay	\$ 6,084,947
Depreciation expense	(2,670,988)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	\$ 3,413,959

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

II. Reconciliation of government-wide and fund financial statements, Continued

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

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. 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 details of this \$13,780,092 difference are as follows:

Principal repayments:	
Capital Improvement revenue notes	\$ (648,000)
Principal debt issuance	<u>14,428,092</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 13,780,092</u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$27,311 difference are as follows:

Change in Excess Net Pension Obligation	\$ 766
Compensated absences	<u>26,545</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 27,311</u>

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

III. Stewardship, compliance, and accountability

A. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. All encumbrances lapse at year-end. There were no outstanding encumbrances at September 30, 2008.

B. Budgets and budgetary accounting

The City follows these procedures in establishing the budgetary data presented in the financial statements:

1. On or before the fifteenth day of August, the City Manager submits to the City Council a proposed operating budget for the fiscal year then commencing. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. On or before September 30th, the budget is legally enacted for the General, most Special Revenue, Enterprise and Internal Service Funds through passage of a resolution. Project-length financial plans are adopted for all Capital Projects Funds.
4. Budget amounts are presented as originally adopted or as amended by the City Council. Unused appropriations lapse at year-end. Any revisions altering the budgeted amounts of total expenditures of any fund must be approved by the City Council. The City Manager can amend the budget within existing appropriations by fund. Supplemental appropriations approved by Council for the fiscal year ended September 30, 2008 totaled \$452,138.
5. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). A budget was not prepared for the Storm Related Fund. There was no way to anticipate how much was going to be expended, and revenue sources are varied.

C. Interfund transactions

Exchanges of equal or almost equal value between funds of the primary government are treated as interfund services provided and used. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transfers are reported as transfers in or out.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

III. Stewardship, compliance, and accountability

D. Deficit fund equity

The General Maintenance Fund had a deficit fund balance of \$17,274 as of September 30, 2008. This deficit is the result of insufficient billing of fleet maintenance.

IV. Detailed notes on all funds

A. Cash and Investments

Deposits - The City's deposits policy allows deposits to be held in demand deposit and money market accounts. Florida Statutes require all depositories used by the City to be qualified financial institutions. All depositories used by the City are institutions designated as qualified depositories by the State Treasurer.

At September 30, 2008 the carrying amounts of the City's deposits below were \$11,482,098 and the bank balances were \$11,570,694. The City's deposits are comprised of cash held in a financial institution. These deposits were entirely covered by federal depository insurance or by collateral pursuant to the Florida Security for Public Deposits Act (Florida Statutes Chapter 280).

Under this Act, financial institutions qualified as public depositories place with the State Board of Administration securities which have a fair value equal to 50% of the average daily balances for each month of all public deposits in excess of any applicable deposit insurance. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof.

At September 30, 2008, petty cash for all funds was \$3,920.

Investments - Florida Statutes, the City's Investment Policy and various bond covenants authorize investments in money market accounts, savings accounts, repurchase agreements, the Local Government Surplus Funds Trust Fund Investment Pool administered by the Florida State Board of Administration, obligations of the U.S. Government and government agencies unconditionally guaranteed by the U.S. Government. Certificates of deposit, savings accounts and bank balances whose value exceeds the amount of federal depository insurance are collateralized pursuant to the Florida Security for Public Deposits Act of the State of Florida. All financial institutions used by the City are institutions designated as qualified depositories by the State Treasurer.

The City's investments consist of U.S. Government backed Agencies with a fair value of \$19,909. These investments have a weighted average maturity of 3 years.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

IV. Detailed notes on all funds, Continued

A. Cash and Investments, continued

Interest Rate Risk. In accordance with the City's investment policy, the City has purchased investments with maturities that are less than or equal to three years in length. This policy reduces the City's exposure to fluctuations in interest rates over the life of the investments. Also, it is the City's policy to hold investments to maturity.

Credit Risk. The City's investments are U.S. Government backed Agencies with all of the investments having an AAA rating by Standard & Poor's, as well as top ratings by Moody's Investors Service and Fitch Ratings. It is the City's policy to purchase new issue AAA rated U.S. Government backed agencies, and to hold those investments to maturity.

Concentration of credit risk. The City holds only U.S. Government backed Agencies creating no concentration of credit risk.

Custodial Credit Risk. This is the risk that the counterparty holding the City's investments will be unable to provide the investment when it becomes necessary. This isn't an issue since the City's investments are held in a safekeeping account by a major financial institution in the City's name.

The City also has invested funds in the Florida State Board of Administration Pool which is a "2a-7" like pool as defined in GASB Statement No. 31; therefore, the City's Pool account balance may be used for financial reporting. The fair value of the position in the pool is the same as the value of the pool shares. The amount of investment was \$31,504,343.

The Local Government Surplus Funds Trust Fund is governed by Ch. 19-7 of the Florida Administrative Code, which identifies the Rules of the State Board of Administration. These rules provide guidance and establish the general operating procedures for the administration of the Local Government Surplus Funds Trust Fund. Additionally, the Office of the Auditor General performs the operational audit of the activities and investments of the State Board of Administration.

The Local Government Surplus Funds Trust Fund is not a registrant with the Securities and Exchange Commission (SEC); however, the Board has adopted operations procedures consistent with the requirements for a 2a-7 fund.

Since 2a-7 like pools are similar to money market funds where shares are owned in the fund rather than the actual underlying investments, disclosures for foreign currency risk, custodial credit risk and concentration of credit risk are not applicable. For credit quality risk the State Pool is not rated by a nationally recognized statistical rating agency. The pool funds are reported by the City as cash equivalents.

See Note IV M. Discussion regarding the Pool and the City's investment in the Pool.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

IV. Detailed notes on all funds, Continued

B. Restricted Assets – All Funds

Restricted assets of the Enterprise Funds were comprised of the following at September 30, 2008:

<u>Water and Wastewater Utility Fund</u>	<u>Cash and Cash Equivalents</u>	<u>Investment Securities</u>
Renewal and Replacement Account - reserved for extensions, enlargements and replacements of capital assets of the utility system	\$ 866,916	\$ -
Water System Capacity Escrow Account - reserved to pay for future expansion of the water treatment system	697,795	-
Wastewater System Capacity Escrow Account - reserved to pay for future expansion of the sewage treatment system	374,602	-
Utility Revenue Certificate Sinking Account - reserved for current debt service on revenue bonds	3,776	-
Bond Reserve Account - maintained at the level required by the Bond Ordinance	1,564,999	18,954
State Revolving Loan Fund Reserve - maintained at the level required by the loan documents	366,676	-
Water, Building and Marina Deposit Escrow Accounts - escrow accounts established for maintaining customer deposits for utility service and building permits	55,613	-
Utilities Construction Account - reserved for payment of the costs of new projects	8,391,770	-
Special Assessments - District #4 - established to account for assessments levied for utility expansion	<u>45,927</u>	<u>-</u>
	<u>\$ 12,368,074</u>	<u>\$ 18,954</u>

<u>Due from Other Governments</u>	<u>Accrued Interest Receivable</u>	<u>Total</u>
\$ -	\$ -	\$ 866,916
-	456	698,251
-	353	374,955
-	4	3,780
-	543	1,584,496
-	349	367,025
-	-	55,613
189,062	1,741	8,582,573
<u>-</u>	<u>-</u>	<u>45,927</u>
<u>\$ 189,062</u>	<u>\$ 3,446</u>	<u>\$ 12,579,536</u>

CITY OF PUNTA GORDA, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2008

IV. Detailed notes on all funds, Continued

B. Restricted Assets – All Funds, continued

Restricted assets of the General Fund was comprised of the following at September 30, 2008:

Cash and Cash Equivalents	
Law enforcement trust	<u>\$ 13,325</u>

C. Interfund Asset/Liabilities/Transfers

	<u>Asset</u>	<u>Liability</u>
General Fund	\$ -	\$ 123,988
Capital Projects - General Construction	<u>123,988</u>	<u>-</u>
	123,988	123,988
 Governmental funds consolidation	 <u>(123,988)</u>	 <u>(123,988)</u>
 Statement of Net Assets	 <u>\$ -0-</u>	 <u>\$ -0-</u>

The \$123,988 General Fund Liability is the 1¢ sales tax revenue accrual that will be paid in October, 2008.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

IV. Detailed notes on all funds, Continued

C. Interfund Asset/Liabilities/Transfers, continued

The interfund transfer from General Fund to CRA is the amount of incremental tax revenue received in the district. The transfer from Nonmajor to General is for impact fees used by the General Fund for allowed purposes. The General Fund transfer to the Capital Project Fund is additional 1¢ sales tax revenue. The Nonmajor Governmental transfers out are impact fees transferred to General Fund and Capital Project Fund. The transfer from Community Redevelopment to Utility is utility work for a CRA project.

For government-wide statement reporting purposes all transfers between major and nonmajor governmental funds have been eliminated.

	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds		
General Fund	\$ 132,000	\$ 2,569,801
Community Redevelopment	1,007,966	15,000
Capital Projects Fund	2,564,284	486,500
Impact Fees - Transportation	-	487,347
Nonmajor Governmental funds	-	160,602
Net Governmental Funds	<u>\$ 3,704,250</u>	<u>\$ 3,719,250</u>
Enterprise Funds		
Utility	<u>\$ 15,000</u>	<u>\$ -0-</u>

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

IV. Detailed notes on all funds, Continued

D. Capital assets

Capital assets activity for the year ended September 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Reclass/ Increases</u>	<u>Reclass/ Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 9,915,719	\$ 610,865	\$ -	\$10,526,584
Construction in progress	1,234,446	6,362,683	(2,978,637)	4,618,492
Total capital assets, not being depreciated	<u>11,150,165</u>	<u>6,973,548</u>	<u>(2,978,637)</u>	<u>15,145,076</u>
Capital assets, being depreciated:				
Buildings	8,726,223	-	-	8,726,223
Improvements other than buildings	6,139,242	926,202	-	7,065,444
Infrastructure	68,693,955	714,476	-	69,408,431
Vehicles and equipment	9,251,653	426,092	(699,722)	8,978,023
Total capital assets, being depreciated	<u>92,811,073</u>	<u>2,066,770</u>	<u>(699,722)</u>	<u>94,178,121</u>
Less accumulated depreciation for:				
Buildings	(2,023,915)	(206,755)	-	(2,230,670)
Improvements other than buildings	(495,341)	(320,212)	-	(815,553)
Infrastructure	(54,771,014)	(1,234,924)	-	(56,005,938)
Vehicles and equipment	(5,150,657)	(909,097)	691,130	(5,368,624)
Total accumulated depreciation	<u>(62,440,927)</u>	<u>(2,670,988)</u>	<u>691,130</u>	<u>(64,420,785)</u>
Total capital assets, being depreciated, net	<u>30,370,146</u>	<u>(604,218)</u>	<u>(8,592)</u>	<u>29,757,336</u>
Governmental activities capital assets, net	<u>\$41,520,311</u>	<u>\$ 6,369,330</u>	<u>\$ (2,987,229)</u>	<u>\$44,902,412</u>

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

IV. Detailed notes on all funds, Continued

D. Capital assets, continued

	Beginning Balance	Reclass/ Increases	Reclass/ Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 5,403,346	\$ -	\$ -	\$ 5,403,346
Construction in progress	3,081,865	4,087,531	(1,716,574)	5,452,822
Total capital assets, not being depreciated	<u>8,485,211</u>	<u>4,087,531</u>	<u>(1,716,574)</u>	<u>10,856,168</u>
Capital assets, being depreciated:				
Buildings	21,969,663	228,778	-	22,198,441
Improvements other than buildings	18,340,457	2,580	-	18,343,037
System Infrastructure	51,822,244	5,954,297	-	57,776,541
Vehicles and equipment	6,412,235	206,269	(253,294)	6,365,210
Total capital assets, being depreciated	<u>98,544,599</u>	<u>6,391,924</u>	<u>(253,294)</u>	<u>104,683,229</u>
Less accumulated depreciation for:				
Buildings	(18,431,643)	(846,834)	-	(19,278,477)
Improvements other than buildings	(9,836,882)	(659,546)	-	(10,496,428)
System Infrastructure	(28,927,024)	(1,822,842)	-	(30,749,866)
Vehicles and equipment	(3,326,165)	(817,192)	183,546	(3,959,811)
Total accumulated depreciation	<u>(60,521,714)</u>	<u>(4,146,414)</u>	<u>183,546</u>	<u>(64,484,582)</u>
Total capital assets, being depreciated, net	<u>38,022,885</u>	<u>2,245,510</u>	<u>(69,748)</u>	<u>40,198,647</u>
Business-type activities capital assets, net	<u>\$46,508,096</u>	<u>\$ 6,333,041</u>	<u>\$ (1,786,322)</u>	<u>\$51,054,815</u>

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

Governmental activities:

General government	\$ 696,569
Public safety	521,620
Transportation	592,363
Recreation	666,357
Internal service funds	194,079
Total depreciation expense -- governmental activities	<u>\$ 2,670,988</u>

Business-type activities:

Public utilities	\$ 3,900,003
Sanitation/refuse collection	237,816
Building	8,595
Total depreciation expense -- business-type activities	<u>\$ 4,146,414</u>

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

IV. Detailed notes on all funds, Continued

E. Long-Term Debt

The following is a summary of changes in bonded and other indebtedness of the City for the year ended September 30, 2008:

	Governmental Activities - Long-Term Debt		
	Capital Improvement Revenue Notes	Compensated Absences	Total
Debt payable at October 1, 2007	\$ 8,473,917	\$ 783,867	\$ 9,257,784
Debt issued	14,428,092	-	14,428,092
Debt retired	(648,000)	-	(648,000)
Amortization of original issue discount	-	-	-
Amortization of early call premium	-	-	-
Amortization of underwriters premium	-	-	-
Additions in compensated absences	-	73,486	73,486
Deductions in compensated absences	-	(46,941)	(46,941)
Debt payable at September 30, 2008 (net)	\$ 22,254,009	\$ 810,412	\$ 23,064,421

Business-type Activities
Long-Term Debt

Water and Wastewater Utility Revenue Bonds	Water and Wastewater Utility Revenue Notes	Water and Wastewater Utility Notes	Capital Leases	Compensated Absences	Total
\$ 8,967,622	\$ 8,569,640	\$ 48,701	\$ 774,394	\$ 412,930	\$ 18,773,287
-	-	-	-	-	-
(1,140,000)	(674,614)	-	(171,029)	-	(1,985,643)
27,458	-	-	-	-	27,458
41,422	-	-	-	-	41,422
(17,300)	-	-	-	-	(17,300)
-	-	-	-	38,412	38,412
-	-	-	-	(46,167)	(46,167)
<u>\$ 7,879,202</u>	<u>\$ 7,895,026</u>	<u>\$ 48,701</u>	<u>\$ 603,365</u>	<u>\$ 405,175</u>	<u>\$ 16,831,469</u>

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

IV. Detailed notes on all funds, Continued

E. Long-Term Debt, Continued

Bonds, notes, capital leases and accrued compensated absences payable at September 30, 2008 are comprised of the following:

Governmental Activities

Revenue Notes

<p>\$300,000 Revenue Note, this note is the first of a group of notes authorized to be issued in an outstanding aggregate principal amount not to exceed \$2,150,000 per a line-of-credit agreement with a financial institution; collateralized by a subordinate lien on the City's electric utilities tax revenues as well as a covenant to budget and appropriate until all of the notes are paid. Interest is payable quarterly at 82.6% of the one month London Interbank Offered Rate which was 2.93% on September 30, 2008. Principal is payable quarterly. Final maturity is scheduled for October 1, 2009. The proceeds of this debt were used for capital projects throughout the City.</p>	\$ 18,750
<p>\$720,000 Revenue Note, this note is the second of a group of notes authorized to be issued in an outstanding aggregate principal amount not to exceed \$2,150,000 as discussed above. Principal and interest are payable quarterly at 82.6% of the one month London Interbank Offered Rate which was 2.93% on September 30, 2008. Principal is payable quarterly. Final maturity is scheduled for October 1, 2009. The proceeds of this debt were used for capital projects throughout the City.</p>	60,000
<p>\$4,092,000 Revenue Note, this note was issued on December 5, 2002 and is to be repaid by the Community Redevelopment Agency; collateralized by tax increment revenues deposited into the CRA's redevelopment trust fund. Interest is payable semi-annually at 3.76%. Principal is payable semi-annually. Final maturity scheduled for for January 1, 2013. The debt proceeds were used for various projects in the CRA district and to pay off existing CRA debt.</p>	2,997,500

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

IV. Detailed notes on all funds, Continued

E. Long-Term Debt, Continued

Governmental Activities, continued

Revenue Notes, continued

\$5,053,000 Revenue Note, this note was issued on November 17, 2005 and is to be repaid by the Community Redevelopment Agency; collateralized by tax increment revenues deposited into the CRA's redevelopment trust fund. Interest is payable semi-annually at 4.09%. Principal is payable semi-annually. Final maturity is scheduled for January 1, 2013. The debt proceeds were used for various construction projects in the CRA district. \$ 4,533,000

\$800,000 Revenue Note, this note was issued on January 5, 2000, and is to be repaid by the Community Redevelopment Agency; collateralized by tax increment revenues deposited into the CRA's redevelopment trust fund. Interest is payable quarterly at 82.6% of the one month London Interbank Offered Rate which was 2.93% on September 30, 2008. Principal is payable quarterly. Final maturity is scheduled for January 1, 2010. The debt proceeds were used for various construction projects in the CRA district. 100,000

\$400,000 Land Acquisition Revenue Note, collateralized by the property purchased. Principal is payable monthly in 120 equal installments of \$3,333. Final maturity is scheduled for August 20, 2011. Interest is payable at 8.00% of the remaining principal balance. No prepayment is allowed on this loan. This is debt on the land purchased behind City Hall. 116,667

\$13,997,216 Revenue Note, this note is a tax exempt note issued on June 19, 2008, to be repaid with non-ad valorem revenues through a covenant to budget and appropriate. Interest is payable semi-annually at 4.02%. Principal is payable annually beginning on January 1, 2014 with final maturity on January 1, 2020. The debt proceeds are being used for the construction of a public parking garage in the downtown area. 13,997,216

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

IV. Detailed notes on all funds, Continued

E. Long-Term Debt, Continued

Governmental Activities, continued

Revenue Notes, continued

\$430,876 Revenue Note, this note is a taxable note issued on June 19, 2008, to be repaid with non-ad valorem revenues through a covenant to budget and appropriate. Interest is payable semi-annually at 6.38%. Principal is payable annually beginning on January 1, 2014 with final maturity on January 1, 2020. The debt proceeds are being used for the retail portion of a public parking garage in the downtown area.

\$ 430,876

Total revenue notes payable

22,254,009

Less current maturities

(660,250)

Noncurrent portion, revenue notes payable

\$ 21,593,759

Business-type Activities

Water and Wastewater Utility Revenue Bonds

\$16,200,000 Utility System Refunding Revenue Bonds, Series 2002, collateralized by net revenues, impact fees and all other system related proceeds. These bonds are current interest paying serial bonds with interest rates ranging from 2.50% to 5.25%, with final maturity on January 1, 2014. Bonds maturing on or after January 1, 2012 are subject to redemption prior to maturity at a redemption price equal to the unpaid principal amount plus accrued interest. The bond proceeds were used to defease prior bonds used for Utility Capital Projects.

\$ 8,150,000

Less unamortized discount and call premium

(270,798)

Net

7,879,202

Less current maturities

(1,235,000)

Noncurrent portion, revenue bonds payable

\$ 6,644,202

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

IV. Detailed notes on all funds, Continued

E. Long-Term Debt, Continued

Business-type Activities, continued

Revenue Notes

\$5,193,111 Revenue Notes, two notes were combined after project completion; these notes were issued on March 15, 2000 and are to be repaid by the Water and Wastewater Utility Fund, payable to a State of Florida agency; collateralized by specific revenues pledged for repayment of this loan after payment for operations and maintenance expense as well as senior obligations. Interest is payable semi-annually at 3.36% per annum. Principal is payable semi-annually. Both principal and interest payments commenced on February 15, 2002 with final maturity scheduled for August 15, 2021. The debt proceeds were used to build Aquifer Storage and Retrieval wells and pumps at the Water Treatment Plant. \$ 3,771,065

\$5,000,000 Revenue Note issued on September 22, 2005 to be repaid by the Water and Wastewater Utility Fund, payable to a financial institution, collateralized by specific revenues pledged for repayment of this loan after payment for operations and maintenance expense as well as senior obligations. Principal is payable annually. Interest is payable semi-annually at 3.17% per annum. Interest payments commenced April 1, 2006, and principal payments commenced October 1, 2006. The debt proceeds were used to buy land next to the Water Treatment Plant to be used to build a reservoir. 4,123,961

Total revenue notes payable 7,895,026

Less current maturities (696,579)

Noncurrent portion, revenue notes payable \$ 7,198,447

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CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

IV. Detailed notes on all funds, Continued

E. Long-Term Debt, Continued

Water and Wastewater Utility Notes Payable

Noninterest-bearing advance from a local governmental agency, payable upon collection of specified sewer impact fees anticipated to be collected in the future.	<u>\$ 48,701</u>
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Sanitation Leases Payable

\$275,712 Capital lease agreement was entered into on January 19, 2005 with a financial institution, collateralized by solid waste collection equipment with a current carrying value of \$216,630, minimum lease payments of \$11,126, payable quarterly, including imputed fixed rate interest of 3.45% with final maturity on January 21, 2012.	146,134
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\$616,064 Capital lease agreement was entered into on June 7, 2006 with a financial institution, collateralized by solid waste collection equipment with a current carrying value of \$572,456, minimum lease payments of \$50,942, payable semi-annually, including imputed fixed rate interest of 4.03% with final maturity on June 8, 2013.	<u>457,231</u>
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Total leases payable	603,365
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Less current maturities	<u>(124,273)</u>
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Noncurrent portion, leases payable	<u>\$ 479,092</u>
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CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

IV. Detailed notes on all funds, Continued

E. Long-Term Debt, Continued

The annual requirements to amortize all debts outstanding as of September 30, 2008 are as follows:

Year Ending September 30	Governmental Activities Long-Term Debt	
	Principal	Interest
2009	\$ 660,250	\$ 917,198
2010	540,500	873,586
2011	535,167	851,287
2012	518,500	829,203
2013	5,571,500	700,762
2014-2018	9,885,085	1,976,056
2019-2023	4,543,007	185,281
Total	\$ 22,254,009	\$ 6,333,373

Compensated Absences	Current Portion	Noncurrent Portion	Totals
Governmental Activities	\$ 81,041	\$ 729,371	\$ 810,412
Business-type Activities	40,518	364,657	405,175
	\$ 121,559	\$ 1,094,028	\$ 1,215,587

Interest on the variable-rate portion of the Capital Improvement Notes, and variable-rate portion of the Water and Wastewater Utility Revenue Notes is calculated at 82.6% of the one month London Interbank Offered Rate which was 2.93% on September 30, 2008. Therefore, interest amount used is 2.42%.

Business-type Activities
Long-Term Debt

Water and Utility Revenue Bonds		Water and Wastewater Utility Revenue Notes		Water and Wastewater Utility Notes	Capital Leases	
Principal	Interest	Principal	Interest			
\$ 1,210,000	\$ 371,040	\$ 696,579	\$ 248,409	\$ 48,701	\$ 146,387	
1,260,000	318,540	719,117	225,569	-	146,387	
1,320,000	258,450	742,460	203,987	-	146,387	
1,380,000	190,950	766,561	177,639	-	124,117	
1,455,000	118,256	791,445	152,499	-	101,884	
1,525,000	40,031	3,158,124	393,645	-	-	
-	-	1,020,740	60,978	-	-	
<u>\$ 8,150,000</u>	<u>\$ 1,297,267</u>	<u>\$ 7,895,026</u>	<u>\$ 1,462,726</u>	<u>\$ 48,701</u>	665,162	Total minimum lease payments
					(61,797)	Less: Amounts representing interest
					<u>\$ 603,365</u>	Present value of minimum lease payments

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

IV. Detailed notes on all funds, Continued

E. Long-Term Debt, Continued

The following Utility Bond Resolutions established certain accounts and determined the order in which certain revenues are to be deposited into those accounts. The purpose of the accounts, in order of priority of revenue transfers, is as follows:

Water and Wastewater Utility Fund

Utility System Refunding Revenue Bonds, Series 2002.

1. General Revenue Account - Deposit of revenues received from customers as well as non-operating revenues.
2. Operating and Maintenance Accounts - Deposit sums which are necessary to pay the cost of operation and maintenance.
3. Debt Service Fund

Sinking Fund Account - Deposit amounts necessary to fund the principal and interest becoming due each year on January 1 and July 1.

Reserve Account – If not fully funded deposit substantially equal monthly installments over a sixty-month period to make the amounts on deposit therein at the end of such period equal to the lesser of 125% of average debt service or maximum bond service requirement.

4. Renewal and Replacement Account - Deposit into the Renewal and Replacement Account an amount equal to 1/12th of 5% of the gross revenues of the system for the preceding fiscal year, plus an amount equal to any unrestored withdrawal made to cure deficiencies in the Sinking Fund; provided, however, that no further deposits shall be required whenever and so long as the City shall obtain a certificate from a qualified independent consultant that, in its judgment, the amount on deposit in the Renewal and Replacement Account is adequate to pay the cost of replacements of capital assets and any emergency repairs described in the Bond Ordinance.
5. Remaining Monies - Any monies remaining after the transfers to the previously mentioned accounts may be used by the City in any manner provided by law, subject to lien for the payment of principal and interest due on the line-of-credit Revenue Notes and the Land Acquisition Revenue Notes.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

IV. Detailed notes on all funds, Continued

F. Property Taxes

Property taxes are levied on November 1 of each year, and are due and payable upon receipt of the notice of levy. The Charlotte County, Florida, Tax Collector's office bills and collects property taxes on behalf of the City. The tax rate to finance general governmental services for the fiscal year ended September 30, 2008 was \$2.1728 per \$1,000 of assessed taxable property value. Property tax revenues are recognized currently in the fiscal year for which the taxes are levied. On May 1 of each year, unpaid taxes become a lien on the property. The past due tax certificates are sold at public auction prior to June 1, and the proceeds thus collected are remitted to the City. There were no delinquent or uncollected property taxes at year-end.

No accruals for property tax levy becoming due in November 2008 are included in the accompanying general purpose financial statements since such taxes do not meet the criteria of (NCGA) Interpretation No. 3 and GASB Interpretation No. 5. The property tax calendar is as follows:

July 1	Assessment roll validated
September 30	Millage ordinance approved
October 1	Beginning of fiscal year for which tax is to be levied
November 1	Tax bills rendered and due
November 1 - March 31	Property taxes due with various discount rates
April 1	Taxes delinquent
June 1	Tax certificates sold by County

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

IV. Detailed notes on all funds, Continued

H. Employee Retirement Systems

The City has three defined benefit pension plans which cover substantially all full-time employees. They are the General Employees' Pension Plan, Municipal Police Officers' Pension Plan and Municipal Firefighters' Pension Plan, all of which are single-employer, contributory plans. Benefit provisions and employer and employee obligations to contribute to the plans are established by State Statutes and City Ordinances. The City accounts for the plans as pension trust funds, and are included as part of the City's reporting entity. Stand-alone financial reports are not issued.

Plan Descriptions

(a) General Employees' Pension Plan

Current membership is comprised of the following:

Retirees receiving benefits	73
Vested terminated employees	8
Beneficiaries	5
Active employees	
Fully-vested	106
Nonvested	91

Employees attaining age 60 and completing five or more years of service are entitled to a benefit at 3.0% of their average monthly earnings as defined in the Plan for each year of continuous service. The Plan permits early retirement at the age of 55 and the completion of five years of continuous service. Active employees who become disabled receive 60% of average monthly earnings as defined in the Plan. If an active employee dies prior to pension eligibility, the employee's designated beneficiary receives a refund of member contributions plus interest at 3.5% per year. If the deceased member was eligible for pension benefits on date of death, their beneficiary is entitled to receive a benefit payable on a monthly basis for ten years. If a member terminates employment before becoming eligible for any other benefits under the Plan, the member shall receive a refund of the member's contributions plus interest at 3.5% per year. If a member terminates employment after completion of five years of service, but before becoming eligible for retirement under this Plan, the member shall be entitled to the accrued benefit payable at age 60.

The Plan is administered by a Board of Trustees.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

IV. Detailed notes on all funds, Continued

H. Employee Retirement Systems, continued

(b) Municipal Police Officers' Pension Plan

Current membership is comprised of the following:

Retirees receiving benefits	13
Vested terminated employees	4
Beneficiaries	1
Disability benefits	4
Active employees	
Fully-vested	22
Nonvested	12

Police officers attaining the later of age 45 or the completion of twenty years of service but not later than age 55 are entitled to a benefit of 3.5% of average monthly earnings times the years of credited service. The Plan permits early retirement at age 45 and ten years of service. Active employees who become disabled receive 3.5% average monthly earnings times credited service but not less than 60% of average monthly earnings as defined in the Plan. If an active employee dies, the employee's spouse receives a maximum of 60% of the member's base pay. When a member has a dependent child or children each child receives 15% of the member's base pay with a total maximum of 60% for children and spouse. If a member terminates employment before becoming eligible for any other benefits under the Plan, the member is entitled to the following:

- With less than five years of credited service, a refund of member contributions.
- With five years or more of credited service, accrued benefits payable at age 45 or later, or a refund of member contributions.

The Plan is administered by a Board of Trustees.

(c) Municipal Firefighters' Pension Plan

Current membership is comprised of the following:

Retirees receiving benefits	7
Vested terminated employees	5
Beneficiaries	1
Disability benefits	5
Active employees	
Fully-vested	9
Nonvested	16

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

IV. Detailed notes on all funds, Continued

H. Employee Retirement Systems, continued

(c) Municipal Firefighters' Pension Plan, continued

Firefighters attaining the earlier of age 55 or the completion of twenty-five years of service are entitled to a benefit of 3.5% of average monthly earnings times the years of credited service. The Plan permits early retirement at age 45 and ten years of service. Active employees who become disabled receive 3.5% of average monthly earnings times credited service but not less than 60% of average monthly earnings as defined in the Plan. If an active employee dies, the employee's spouse receives a maximum of 60% of the member's base pay. When a member has a dependent child or children each child receives 15% of the member's base pay with a total maximum of 60% for children and spouse. If a member terminates employment before becoming eligible for any other benefits under the Plan, the member is entitled to the following:

- With less than five years of credited service, a refund of member contributions.
- With five years or more of credited service, accrued benefits payable at age 45 or later, or a refund of member contributions.

The Plan is administered by a Board of Trustees.

Actuarial assumptions and funding

(a) General Employees' Pension Plan

Significant actuarial assumptions used in determining the annual required contribution include (a) a rate of return on the investment of present and future assets of 8.0% per year compounded annually; (b) projected salary increases of 5.0% are calculated using 3.0% as a result of inflation and 2.0% as a result of seniority and/or merit adjustments (compounded annually); (c) payroll growth increases of 5.0% annually; and (d) the assumption that benefits will not increase after retirement. Employees contribute 5.0% of their annual covered salary.

(b) Municipal Police Officers' Pension Plan

Significant actuarial assumptions used in determining the annual required contribution include (a) a rate of return on the investment of present and future assets of 8.0% per year compounded annually; (b) projected salary increases of 7.0% are calculated using 3.0% as a result of inflation and 4.0% as a result of seniority and/or merit adjustments (compounded annually); (c) payroll growth increases of 3.0% annually; and (d) the assumption that benefits will not increase after retirement. Employees contribute 8.0% of their annual covered salary.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

IV. Detailed notes on all funds, Continued

H. Employee Retirement Systems, continued

(c) Municipal Firefighters' Pension Plan

Significant actuarial assumptions used in determining the annual required contribution include (a) a rate of return on the investment of present and future assets of 8.0% per year compounded annually; (b) projected salary increases of 6.0% are calculated using 3.0% as a result of inflation and 3.0% as a result of seniority and/or merit adjustments (compounded annually); (c) payroll growth increases of 5.0% annually; and (d) the assumption that benefits will not increase after retirement. Employees contribute 8.0% of their annual covered salary.

Annual Pension Costs and Net Pension Obligations

The City has no net pension obligations as all actuarially determined amounts are contributed each year. The City's annual pension costs for the General Employees' pension plan was \$1,398,430, Municipal Police Officers' pension plan \$153,707 and Municipal Firefighters' pension plan \$158,975 for fiscal year ended September 30, 2008.

Other Pension Plan Information

The annual required contribution for the current year, for each plan, was determined as part of the October 1, 2008 actuarial valuation using the frozen entry age actuarial cost method.

The actuarial value of assets was determined using market value for all three plans. The excess of actuarial value of assets over the actuarial accrued liabilities is being amortized using the level percentage of pay closed method for each of the three plans. As of the October 1, 2008 actuarial valuation, the amortization periods for the excess of actuarial value of assets over the actuarial accrued liabilities is 29 years for the General Employees', 26 years for Municipal Police Officers' and 29 years for Municipal Firefighters' plans.

Trend information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. The information is presented on pages 76 through 78 of the City's Comprehensive Annual Financial Report.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

IV. Detailed notes on all funds, Continued

H. Employee Retirement Systems, continued

Pension balances at September 30, 2008 were as follows:

	General Employees' Pension Plan	Municipal Police Officers' Pension Plan	Municipal Firefighters' Pension Plan	Total
ASSETS				
Cash and cash equivalents	\$ 1,720,198	\$ 880,423	\$ 581,125	\$ 3,181,746
Interest and dividends receivable	106,688	56,976	32,963	196,627
Investments, at fair value				
U.S. Treasury and Government Agencies	2,920,356	1,600,633	843,840	5,364,829
Corporate Obligations	2,228,466	1,358,881	802,502	4,389,849
Common Stocks	11,331,210	4,000,418	2,609,798	17,941,426
Common Stocks - ADR	1,158,957	542,001	357,056	2,058,014
 Total investments at fair value	 <u>17,638,989</u>	 <u>7,501,933</u>	 <u>4,613,196</u>	 <u>29,754,118</u>
 Total assets	 <u>19,465,875</u>	 <u>8,439,332</u>	 <u>5,227,284</u>	 <u>33,132,491</u>
LIABILITIES AND NET ASSETS				
Prepaid contribution	-	2,183	-	2,183
Total liabilities	-	2,183	-	2,183
Net assets				
Active and retired member equity	19,460,519	8,437,149	5,227,284	33,124,952
DROP Plan Benefits	5,356	-	-	5,356
Total Liabilities and Net Assets	<u>\$ 19,465,875</u>	<u>\$ 8,439,332</u>	<u>\$ 5,227,284</u>	<u>\$ 33,132,491</u>

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

IV. Detailed notes on all funds, Continued

H. Employee Retirement Systems, continued

Pension activity for the year ended September 30, 2008 was as follows:

	General Employees' Pension Plan	Municipal Police Officers' Pension Plan	Municipal Firefighters' Pension Plan	Total
ADDITIONS				
Contributions				
Employer	\$ 1,398,434	\$ 152,279	\$ 159,633	\$ 1,710,346
Insurance premiums	-	196,611	337,692	534,303
Plan members	548,394	170,704	132,654	851,752
Total contributions	<u>1,946,828</u>	<u>519,594</u>	<u>629,979</u>	<u>3,096,401</u>
Investment earnings				
Net loss in fair value of investments	(3,325,404)	(1,356,056)	(889,200)	(5,570,660)
Interest and dividends	656,883	325,013	194,010	1,175,906
Total investment loss	<u>(2,668,521)</u>	<u>(1,031,043)</u>	<u>(695,190)</u>	<u>(4,394,754)</u>
Less investment expense	129,603	51,699	38,085	219,387
Net investment loss	<u>(2,798,124)</u>	<u>(1,082,742)</u>	<u>(733,275)</u>	<u>(4,614,141)</u>
Total reductions	<u>(851,296)</u>	<u>(563,148)</u>	<u>(103,296)</u>	<u>(1,517,740)</u>
DEDUCTIONS				
Benefits paid	902,823	296,618	297,314	1,496,755
Refunds of contributions	36,382	15,257	2,833	54,472
Administrative expenses	30,711	17,098	12,982	60,791
Total deductions	<u>969,916</u>	<u>328,973</u>	<u>313,129</u>	<u>1,612,018</u>
Change in net assets	(1,821,212)	(892,121)	(416,425)	(3,129,758)
Net assets held in trust for pension benefits				
Beginning of year	<u>21,287,087</u>	<u>9,329,270</u>	<u>5,643,709</u>	<u>36,260,066</u>
End of year	<u>\$19,465,875</u>	<u>\$ 8,437,149</u>	<u>\$ 5,227,284</u>	<u>\$ 33,130,308</u>

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

IV. Detailed notes on all funds, Continued

H. Employee Retirement Systems, continued

Trend information, continued

Three-Year Trend Information (Dollar)

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
General Employees' pension plan			
9/30/2008	\$ 1,398,434	100%	\$ (130)
9/30/2007	1,364,563	100%	(126)
9/30/2006	1,188,882	100%	(122)
Municipal Police Officers' pension plan			
9/30/2008	\$ 153,707	99%	\$ (24,968)
9/30/2007	189,179	99%	(26,396)
9/30/2006	153,468	99%	(27,625)
Municipal Firefighters' pension plan			
9/30/2008	\$ 158,975	100%	\$ (21,678)
9/30/2007	138,228	100%	(21,020)
9/30/2006	52,805	100%	(20,382)

The development of the Net Pension Obligation to date for the General Employees' pension plan is as follows:

	<u>9/30/2006</u>	<u>9/30/2007</u>	<u>9/30/2008</u>
Actuarially Determined			
Contribution (A)	\$ 1,188,881	\$ 1,364,567	\$ 1,398,434
Interest on NPO	(10)	(10)	(10)
Adjustment to (A)	11	6	6
Annual Pension Cost	1,188,882	1,364,563	1,398,430
Contributions Made	1,188,881	1,364,567	1,398,434
Increase (Decrease) in NPO	1	(4)	(4)
NPO Beginning of Year	(123)	(122)	(126)
NPO End of Year	<u>\$ (122)</u>	<u>\$ (126)</u>	<u>\$ (130)</u>

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

IV. Detailed notes on all funds, Continued

H. Employee Retirement Systems, continued

Trend information, continued

The development of the Net Pension Obligation to date for the Municipal Police Officers' pension plan is as follows:

	<u>9/30/2006</u>	<u>9/30/2007</u>	<u>9/30/2008</u>
Actuarially Determined			
Contribution (A)	\$ 152,241	\$ 187,950	\$ 152,279
Interest on NPO	(2,308)	(2,210)	(2,112)
Adjustment to (A)	<u>3,535</u>	<u>3,439</u>	<u>3,540</u>
Annual Pension Cost	153,468	189,179	153,707
Contributions Made	<u>152,241</u>	<u>187,950</u>	<u>152,279</u>
Increase in NPO	1,227	1,229	1,428
NPO Beginning of Year	<u>(28,852)</u>	<u>(27,625)</u>	<u>(26,396)</u>
NPO End of Year	<u><u>\$ (27,625)</u></u>	<u><u>\$ (26,396)</u></u>	<u><u>\$ (24,968)</u></u>

The development of the Net Pension Obligation to date for the Municipal Firefighters' pension plan is as follows:

	<u>9/30/2006</u>	<u>9/30/2007</u>	<u>9/30/2008</u>
Actuarially Determined			
Contribution (A)	\$ 52,579	\$ 138,866	\$ 159,633
Interest on NPO	(1,649)	(1,631)	(1,682)
Adjustment to (A)	<u>1,875</u>	<u>993</u>	<u>1,024</u>
Annual Pension Cost	52,805	138,228	158,975
Contributions Made	<u>52,579</u>	<u>138,866</u>	<u>159,633</u>
Increase (Decrease) in NPO	226	(638)	(658)
NPO Beginning of Year	<u>(20,608)</u>	<u>(20,382)</u>	<u>(21,020)</u>
NPO End of Year	<u><u>\$ (20,382)</u></u>	<u><u>\$ (21,020)</u></u>	<u><u>\$ (21,678)</u></u>

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

IV. Detailed notes on all funds, Continued

H. Employee Retirement Systems, continued

Trend information, continued

Concentration of Investments

All three pension plans have a concentration of investments that are not direct governmental obligations or agency securities, and that total 5% or more of the individual plan's assets. These concentrations of investments are:

General Employees' Pension Plan, Police Officers' Plan and Firefighters' Plan
Goldman Sachs Fin Sq Treasury
Obligation Administration Fund #469 8.80%, 10.44% and 11.09% respectively

I. Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed expenses might constitute a contingent liability of the City. The City does not believe any such contingent liabilities are material.

The City is contingently liable with respect to litigation incidental to the ordinary course of its operations. In the opinion of management, based on the advice of legal counsel, the ultimate disposition of lawsuits will not have a material adverse effect on the financial position of the City.

J. Risk Management

The City is a member of Public Risk Management (PRM), a local government liability risk pool.

PRM administers insurance activities relating to property, general, automobile, public officials' liability, workers' compensation, and auto physical damage. The pool assesses each member its pro rata share of the estimated amount required to meet current year losses, operating expenses and reinsurance costs (premiums).

To reduce its exposure to large losses on all types of insured events PRM uses reinsurance policies purchased from third-party carriers.

The City is also a member of PRM for the City's employee health plan. It is a self funded PPO plan using the Blue Cross Blue Shield of Florida network, administered by Blue Cross Blue Shield of Florida and reinsured by Alden Risk Management. The fund is fully funded annually. The premiums for this coverage are paid by the various departments on a per employee coverage basis.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

IV. Detailed notes on all funds, Continued

K. Miscellaneous Revenue – Governmental Fund Types

At September 30, 2008, miscellaneous revenue consisted of the following:

<u>General Fund</u>	
Interest	\$ 100,443
Charges for Services	2,597,745
Other	254,379
	<u>2,952,567</u>
<u>Community Redevelopment Agency</u>	
Interest	18,113
Rent Income	15,500
	<u>33,613</u>
<u>P G I Canal Maintenance Fund</u>	
Interest	39,913
Service Assessments	2,082,452
Other	25,945
	<u>2,148,310</u>
<u>Capital Project Fund</u>	
Interest	212,498
Other	35,968
	<u>248,466</u>
<u>Impact Fees - Transportation</u>	
Interest	71,129
Impact Fees	141,088
	<u>212,217</u>
<u>Other Governmental Funds</u>	
Interest	24,287
Service Assessments	414,678
Impact Fees	53,952
Other	163,356
	<u>656,273</u>
	<u>\$ 6,251,446</u>

L. Other Reserves-Fund Balance

The fund balances classified as "reserved for other" Governmental Activities at September 30, 2008 consisted of the following:

<u>General Fund</u>	
Reserved for law enforcement	<u>\$ 13,325</u>

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

IV. Detailed notes on all funds, Continued

M. State Board Pool Discussion

As discussed in Note IV A, at September 30, 2008, the City had \$31,504,343 invested in the State Board of Administration's Local Government Surplus Funds Trust Fund Investment Pool (Pool). On November 29, 2007, the State Board of Administration implemented a temporary freeze on the assets held in the Pool due to an unprecedented amount of withdrawals from the Fund coupled with the absence of market liquidity for certain securities within the pool. On December 4, 2007, based on recommendations from an outside financial advisor, the State Board of Administration restructured the Pool into two separate pools, Pool A and Pool B.

Currently, Pool A participants may withdraw all of their balances without penalty.

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

As of September 30, 2008, the City has \$30,757,234 and \$747,109 invested in Pool A and B, respectively. Additional information regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration.

REQUIRED SUPPLEMENTARY INFORMATION

Trend Information for Pension Plans

CITY OF PUNTA GORDA
EMPLOYEES' PENSION PLANS
SCHEDULE OF FUNDING PROGRESS
September 30, 2008

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Frozen Entry Age (b)	Unfunded Actuarial Accrued Liability Frozen Entry Age (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as of % of Covered Payroll ((b-a)/c)
General Employees' Pension Plan						
10/01/07	\$ 19,944,703	\$ 24,628,804	\$ 4,684,101	80.98%	\$8,826,863	53.07%
10/01/06	16,736,312	21,594,765	4,858,453	77.50%	8,173,044	59.44%
10/01/05	13,683,632	19,351,415	5,667,783	70.71%	7,849,841	72.20%
10/01/04	11,816,336	17,072,705	5,256,369	69.21%	6,527,743	80.52%
10/01/03	10,776,210	15,253,900	4,477,690	70.65%	6,205,592	72.16%
10/01/02	9,904,366	14,051,610	4,147,244	70.49%	5,787,289	71.66%
10/01/01	9,603,637	10,711,658	1,108,021	89.66%	5,362,591	20.66%
10/01/00	8,961,695	10,062,790	1,101,095	89.06%	4,781,727	23.03%
10/01/99	7,794,026	8,780,241	986,215	88.77%	3,842,344	25.67%
10/01/98	6,693,918	6,773,262	79,344	98.83%	3,547,740	2.24%
Municipal Police Officers' Pension Plan						
10/01/07	\$ 8,966,928	\$ 9,388,245	\$ 421,317	95.51%	\$1,981,580	21.26%
10/01/06	7,935,761	8,388,802	453,041	94.60%	1,636,344	27.69%
10/01/05	6,991,355	7,434,164	442,809	94.04%	1,518,751	29.16%
10/01/04	6,476,437	6,401,042	(75,395)	101.18%	1,416,311	-5.32%
10/01/03	6,209,824	6,196,921	(12,903)	100.21%	1,250,379	-1.03%
10/01/02	5,996,132	6,065,783	69,651	98.85%	1,262,196	5.52%
10/01/01	5,870,315	5,982,155	111,840	98.13%	1,124,800	9.94%
10/01/00	5,602,431	5,720,200	117,769	97.94%	1,107,961	10.63%
10/01/99	4,997,882	5,121,888	124,006	97.58%	1,082,560	11.45%
10/01/98	4,354,584	4,482,314	127,730	97.15%	958,535	13.33%
Municipal Firefighters' Pension Plan						
10/01/07	\$ 5,513,761	\$ 7,609,551	\$ 2,095,790	72.46%	\$1,470,077	142.56%
10/01/06	4,847,072	6,953,848	2,106,776	69.70%	1,339,582	157.27%
10/01/05	4,391,682	6,326,331	1,934,649	69.42%	1,225,807	157.83%
10/01/04	4,002,153	5,027,934	1,025,781	79.60%	1,017,908	100.77%
10/01/03	3,860,651	4,372,120	511,469	88.30%	966,509	52.92%
10/01/02	3,700,215	4,173,860	473,645	88.65%	857,052	55.26%
10/01/01	3,573,439	4,044,260	470,821	88.36%	859,555	54.77%
10/01/00	3,351,491	3,810,560	459,069	87.95%	756,054	60.72%
10/01/99	2,933,755	3,031,113	97,358	96.79%	747,333	13.03%
10/01/98	2,548,518	2,509,285	(39,233)	101.56%	746,291	-5.26%

CITY OF PUNTA GORDA
EMPLOYEES' PENSION PLANS
SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER AND OTHER CONTRIBUTING ENTITIES
September 30, 2008

<u>Year Ended</u> <u>September 30,</u>	<u>Annual Required</u> <u>Contribution</u>	<u>City</u> <u>Contribution</u>	<u>Insurance</u> <u>Premiums</u> <u>State</u>	<u>Percentage</u> <u>Contributed</u>
General Employees' Pension Plan				
2008	\$ 1,398,434	\$ 1,398,434	\$ -	100.00%
2007	1,364,567	1,364,567	-	100.00%
2006	1,188,881	1,188,881	-	100.00%
2005	1,110,361	1,110,361	-	100.00%
2004	1,032,274	1,032,274	-	100.00%
2003	912,387	912,512	-	100.01%
2002	459,749	459,749	-	100.00%
2001	363,675	363,675	-	100.00%
2000	251,037	251,037	-	100.00%
1999	287,208	287,208	-	100.00%
Municipal Police Officers' Pension Plan				
2008	\$ 348,756	\$ 152,279	\$ 196,477 *	100.00%
2007	382,244	187,950	194,294	100.00%
2006	348,224	152,241	195,983	100.00%
2005	236,534	72,135	193,251	112.20%
2004	192,366	52,010	140,356 *	100.00%
2003	130,380	-	140,356 *	107.70%
2002	113,200	-	140,356 *	124.00%
2001	139,596	6,575	133,022	100.00%
2000	142,293	1,937	140,356 *	100.00%
1999	209,282	68,926	140,356 *	100.00%
Municipal Firefighters' Pension Plan				
2008	\$ 369,039	\$ 159,633	\$ 209,406 *	100.00%
2007	348,272	138,866	209,406	100.00%
2006	257,335	52,579	204,756	100.00%
2005	219,381	48,463	177,708	103.10%
2004	146,733	-	158,815	108.23%
2003	150,596	17,065	146,663	108.72%
2002	117,142	-	125,656	107.27%
2001	88,342	-	110,674	125.28%
2000	98,618	1,030	110,477 *	113.07%
1999	89,591	-	97,588 *	108.93%

* "Frozen" pursuant to the provisions of Chapter 175 or 185 Florida Statutes, as amended.

(Continued)

CITY OF PUNTA GORDA
EMPLOYEES' PENSION PLANS
SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER AND OTHERS
(Continued)
September 30, 2008

The information presented in the required supplementary schedules was determined as a part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

	<u>General Employees' Pension Plan</u>	<u>Municipal Police Officers' Pension Plan</u>	<u>Municipal Firefighters' Pension Plan</u>
Valuation Date	10/01/08	10/01/08	10/01/08
Actuarial Cost Method	Frozen entry age	Frozen entry age	Frozen entry age
Amortization Method	Level percent of pay, closed	Level percent of pay, closed	Level percent of pay, closed
Remaining amortization period	29 years	26 years	29 years
Asset valuation Method	4 years smooth of market value	4 years smooth of market value	4 years smooth of market value
Actuarial Assumptions:			
Investment rate of return net of invest- ment related expenses	8.0%	8.0%	8.0%
Projected salary increase	5.0%	7.0%	6.0%
Inflation portion	3.0%	3.0%	3.0%

CITY OF PUNTA GORDA

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

CDBG Revitalization Project Fund – This fund is used to account for the community development block grant that is funding the revitalization project for substandard housing within the government as well as other legal uses.

Impact Fees – Used to account for the receipt and disbursement of impact fees for:

- Parks
- Police
- Fire
- Government

Burnt Store Isles Canal Maintenance Assessment District accounts for funds to be utilized for the repair and upkeep of City-owned seawalls and maintain navigability of canals located in the Burnt Store Isles subdivision.

Five Cent Gas Tax – Legislation allows this tax to be used for road capital.

Six Cent Gas Tax – Legislation allows this tax to be used for transportation expenditures. These allowed uses include street sweeping, street lights, traffic lights, bridge maintenance and sidewalk repairs.

Permanent Fund

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Gilchrist Intention – This fund accounts for assets donated by Albert W. Gilchrist, the interest on which shall be spent on right-of-way beautification.

CITY OF PUNTA GORDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2008

	Special Revenue Funds				
	CDBG Fund	Impact Fees Parks	Impact Fees Police	Impact Fees Fire	Impact Fees Government
ASSETS:					
Cash and cash equivalents	\$ 2,863	\$ 79,706	\$ 11,477	\$ 252,300	\$ 28,133
Accrued Interest receivable	-	79	24	57	24
Due from other governments	262	-	-	-	-
Prepaid items	-	-	-	-	-
Total Assets	<u>\$ 3,125</u>	<u>\$ 79,785</u>	<u>\$ 11,501</u>	<u>\$ 252,357</u>	<u>\$ 28,157</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable	\$ 23	\$ -	\$ -	\$ -	\$ -
Retainage payable	-	-	-	-	-
Total Liabilities	<u>23</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Reserved for:					
Right-of-way improvements	-	-	-	-	-
Unreserved:					
Unreserved undesignated	3,102	79,785	11,501	252,357	28,157
Total Fund Balances	<u>3,102</u>	<u>79,785</u>	<u>11,501</u>	<u>252,357</u>	<u>28,157</u>
Total Liabilities and Fund Balances	<u>\$ 3,125</u>	<u>\$ 79,785</u>	<u>\$ 11,501</u>	<u>\$ 252,357</u>	<u>\$ 28,157</u>

Storm Related Fund	Special Revenue Funds			Permanent Fund Gilchrist Intention Fund	Total Nonmajor Governmental
	BSI Canal Maintenance	Five Cent Gas Tax	Six Cent Gas Tax		
\$ 401,839	\$ 284,873	\$ 154,311	\$ 64,935	\$ 9,035	\$ 1,289,472
-	284	145	50	-	663
-	9,488	19,092	52,472	-	81,314
-	1,300	-	-	-	1,300
<u>\$ 401,839</u>	<u>\$ 295,945</u>	<u>\$ 173,548</u>	<u>\$ 117,457</u>	<u>\$ 9,035</u>	<u>\$ 1,372,749</u>
\$ 212,582	\$ 15,837	\$ -	\$ 75,541	\$ -	\$ 303,983
-	7,337	-	-	-	7,337
<u>212,582</u>	<u>23,174</u>	<u>-</u>	<u>75,541</u>	<u>-</u>	<u>311,320</u>
-	-	-	-	9,035	9,035
<u>189,257</u>	<u>272,771</u>	<u>173,548</u>	<u>41,916</u>	<u>-</u>	<u>1,052,394</u>
<u>189,257</u>	<u>272,771</u>	<u>173,548</u>	<u>41,916</u>	<u>9,035</u>	<u>1,061,429</u>
<u>\$ 401,839</u>	<u>\$ 295,945</u>	<u>\$ 173,548</u>	<u>\$ 117,457</u>	<u>\$ 9,035</u>	<u>\$ 1,372,749</u>

CITY OF PUNTA GORDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2008

	Special Revenue Funds				
	CDBG Fund	Impact Fees Parks	Impact Fees Police	Impact Fees Fire	Impact Fees Government
Revenues:					
Intergovernmental	\$ 161,175	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	9,293	10,994	19,444	26,283
Total revenues	<u>161,175</u>	<u>9,293</u>	<u>10,994</u>	<u>19,444</u>	<u>26,283</u>
Expenditures:					
Current:					
General government	-	-	-	-	-
Transportation	-	-	-	-	-
Economic environment	125,541	-	-	-	-
Recreation	-	-	-	-	-
Total expenditures	<u>125,541</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	<u>35,634</u>	<u>9,293</u>	<u>10,994</u>	<u>19,444</u>	<u>26,283</u>
Other Financing Uses:					
Transfers out	-	-	(95,000)	(3,602)	(62,000)
Total other financing uses	<u>-</u>	<u>-</u>	<u>(95,000)</u>	<u>(3,602)</u>	<u>(62,000)</u>
Net change in fund balances	35,634	9,293	(84,006)	15,842	(35,717)
Fund Balances, October 1, 2007	<u>(32,532)</u>	<u>70,492</u>	<u>95,507</u>	<u>236,515</u>	<u>63,874</u>
Fund Balances, September 30, 2008	<u>\$ 3,102</u>	<u>\$ 79,785</u>	<u>\$ 11,501</u>	<u>\$ 252,357</u>	<u>\$ 28,157</u>

Storm Related Fund	Special Revenue Funds			Permanent Fund	Total Nonmajor Governmental
	BSI Canal Maintenance	Five Cent Gas Tax	Six Cent Gas Tax	Gilchrist Intention Fund	
\$ 125,556	\$ -	\$ 269,443	\$ 561,708	\$ -	\$ 1,117,882
-	425,067	32,187	132,747	258	656,273
<u>125,556</u>	<u>425,067</u>	<u>301,630</u>	<u>694,455</u>	<u>258</u>	<u>1,774,155</u>
186,575	-	-	-	-	186,575
-	-	101,587	670,946	-	772,533
233,762	-	-	-	-	359,303
-	397,979	-	-	-	397,979
<u>420,337</u>	<u>397,979</u>	<u>101,587</u>	<u>670,946</u>	<u>-</u>	<u>1,716,390</u>
(294,781)	27,088	200,043	23,509	258	57,765
-	-	-	-	-	(160,602)
-	-	-	-	-	(160,602)
(294,781)	27,088	200,043	23,509	258	(102,837)
484,038	245,683	(26,495)	18,407	8,777	1,164,266
<u>\$ 189,257</u>	<u>\$ 272,771</u>	<u>\$ 173,548</u>	<u>\$ 41,916</u>	<u>\$ 9,035</u>	<u>\$ 1,061,429</u>

CITY OF PUNTA GORDA, FLORIDA
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2008

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 133,903	\$ 133,903	\$ 161,175	\$ 27,272
Total revenues	133,903	133,903	161,175	27,272
Expenditures				
Current				
Economic environment	133,903	183,909	125,541	58,368
Total expenditures	133,903	183,909	125,541	58,368
Revenues over (under) expenditures	-	(50,006)	35,634	85,640
Net change in fund balance	\$ -0-	\$ (50,006)	35,634	\$ 85,640
Fund balances, October 1, 2007			(32,532)	
Fund balances, September 30, 2008			\$ 3,102	

CITY OF PUNTA GORDA, FLORIDA
 PARK IMPACT FEE SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Fiscal Year Ended September 30, 2008

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$ 21,285	\$ 8,400	\$ 9,293	\$ 893
Total revenues	<u>21,285</u>	<u>8,400</u>	<u>9,293</u>	<u>893</u>
Expenditures				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess revenues over expenditures	<u>21,285</u>	<u>8,400</u>	<u>9,293</u>	<u>893</u>
Other financing uses				
Transfers out	<u>(32,500)</u>	<u>(10,000)</u>	<u>-</u>	<u>10,000</u>
Total other financing uses	<u>(32,500)</u>	<u>(10,000)</u>	<u>-</u>	<u>10,000</u>
Net change in fund balance	<u><u>\$ (11,215)</u></u>	<u><u>\$ (1,600)</u></u>	9,293	<u><u>\$ 10,893</u></u>
Fund balances, October 1, 2007			<u>70,492</u>	
Fund balances, September 30, 2008			<u><u>\$ 79,785</u></u>	

CITY OF PUNTA GORDA, FLORIDA
POLICE IMPACT FEE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2008

	<u>Budgets</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Miscellaneous	<u>\$ 9,470</u>	<u>\$ 9,470</u>	<u>\$ 10,994</u>	<u>\$ 1,524</u>
Total revenues	<u>9,470</u>	<u>9,470</u>	<u>10,994</u>	<u>1,524</u>
Expenditures				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess revenues over expenditures	<u>9,470</u>	<u>9,470</u>	<u>10,994</u>	<u>1,524</u>
Other financing uses				
Transfers out	<u>-</u>	<u>(95,000)</u>	<u>(95,000)</u>	<u>-</u>
Total other financing uses	<u>-</u>	<u>(95,000)</u>	<u>(95,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ 9,470</u>	<u>\$ (85,530)</u>	<u>(84,006)</u>	<u>\$ 1,524</u>
Fund balances, October 1, 2007			<u>95,507</u>	
Fund balances, September 30, 2008			<u>\$ 11,501</u>	

CITY OF PUNTA GORDA, FLORIDA
 FIRE IMPACT FEE SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Fiscal Year Ended September 30, 2008

	<u>Budgets</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Miscellaneous	<u>\$ 26,285</u>	<u>\$ 20,285</u>	<u>\$ 19,444</u>	<u>\$ (841)</u>
Total revenues	<u>26,285</u>	<u>20,285</u>	<u>19,444</u>	<u>(841)</u>
Expenditures				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess revenues over expenditures	<u>26,285</u>	<u>20,285</u>	<u>19,444</u>	<u>(841)</u>
Other financing uses				
Transfers out	<u>-</u>	<u>(6,000)</u>	<u>(3,602)</u>	<u>2,398</u>
Total other financing uses	<u>-</u>	<u>(6,000)</u>	<u>(3,602)</u>	<u>2,398</u>
Net change in fund balance	<u>\$ 26,285</u>	<u>\$ 14,285</u>	15,842	<u>\$ 1,557</u>
Fund balances, October 1, 2007			<u>236,515</u>	
Fund balances, September 30, 2008			<u>\$ 252,357</u>	

CITY OF PUNTA GORDA, FLORIDA
 GOVERNMENT IMPACT FEE SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Fiscal Year Ended September 30, 2008

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$ 47,000	\$ 25,350	\$ 26,283	\$ 933
Total revenues	<u>47,000</u>	<u>25,350</u>	<u>26,283</u>	<u>933</u>
Expenditures				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess revenues over expenditures	<u>47,000</u>	<u>25,350</u>	<u>26,283</u>	<u>933</u>
Other financing uses				
Transfers out	<u>(62,000)</u>	<u>(62,000)</u>	<u>(62,000)</u>	<u>-</u>
Total other financing uses	<u>(62,000)</u>	<u>(62,000)</u>	<u>(62,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ (15,000)</u>	<u>\$ (36,650)</u>	(35,717)	<u>\$ 933</u>
Fund balances, October 1, 2007			<u>63,874</u>	
Fund balances, September 30, 2008			<u>\$ 28,157</u>	

CITY OF PUNTA GORDA, FLORIDA
 B S I CANAL MAINTENANCE SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Fiscal Year Ended September 30, 2008

	<u>Budgets</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Miscellaneous	<u>\$ 420,032</u>	<u>\$ 425,335</u>	<u>\$ 425,067</u>	<u>\$ (268)</u>
Total revenues	<u>420,032</u>	<u>425,335</u>	<u>425,067</u>	<u>(268)</u>
Expenditures				
Current				
Recreation	<u>540,534</u>	<u>540,534</u>	<u>397,979</u>	<u>142,555</u>
Total expenditures	<u>540,534</u>	<u>540,534</u>	<u>397,979</u>	<u>142,555</u>
Excess revenues over (under) expenditures	<u>(120,502)</u>	<u>(115,199)</u>	<u>27,088</u>	<u>142,287</u>
Net change in fund balance	<u><u>\$ (120,502)</u></u>	<u><u>\$ (115,199)</u></u>	27,088	<u><u>\$ 142,287</u></u>
Fund balances, October 1, 2007			<u>245,683</u>	
Fund balances, September 30, 2008			<u><u>\$ 272,771</u></u>	

CITY OF PUNTA GORDA, FLORIDA
 FIVE CENT GAS TAX FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Fiscal Year Ended September 30, 2008

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 360,000	\$ 270,000	\$ 269,443	\$ (557)
Miscellaneous	-	31,600	32,187	587
Total revenues	<u>360,000</u>	<u>301,600</u>	<u>301,630</u>	<u>30</u>
Expenditures				
Current				
Transportation	<u>360,000</u>	<u>275,104</u>	<u>101,587</u>	<u>173,517</u>
Total expenditures	<u>360,000</u>	<u>275,104</u>	<u>101,587</u>	<u>173,517</u>
Revenues over expenditures	<u>-</u>	<u>26,496</u>	<u>200,043</u>	<u>173,547</u>
Net change in fund balance	<u>\$ -0-</u>	<u>\$ 26,496</u>	200,043	<u>\$ 173,547</u>
Fund balances, October 1, 2007			<u>(26,495)</u>	
Fund balances, September 30, 2008			<u>\$ 173,548</u>	

CITY OF PUNTA GORDA, FLORIDA
SIX CENT GAS TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2008

	<u>Budgets</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 600,000	\$ 575,000	\$ 561,708	\$ (13,292)
Miscellaneous	133,919	133,510	132,747	(763)
Total revenues	<u>733,919</u>	<u>708,510</u>	<u>694,455</u>	<u>(14,055)</u>
Expenditures				
Current				
Transportation	<u>733,919</u>	<u>726,917</u>	<u>670,946</u>	<u>55,971</u>
Total expenditures	<u>733,919</u>	<u>726,917</u>	<u>670,946</u>	<u>55,971</u>
Excess revenues over (under) expenditures	<u>-</u>	<u>(18,407)</u>	<u>23,509</u>	<u>41,916</u>
Net change in fund balance	<u>\$ -0-</u>	<u>\$ (18,407)</u>	<u>23,509</u>	<u>\$ 41,916</u>
Fund balances, October 1, 2007			<u>18,407</u>	
Fund balances, September 30, 2008			<u>\$ 41,916</u>	

INTERNAL SERVICE FUNDS

The Internal Service Funds are operated on a cost-reimbursement basis used to account for the financing of services provided by one department or agency to other departments of the City.

- General Maintenance provides repair and maintenance service to City owned vehicles and equipment.
- Information Technology provides a central computer system and communications for the benefit of all City Departments.

CITY OF PUNTA GORDA, FLORIDA
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS
 September 30, 2008

ASSETS	<u>General Maintenance</u>	<u>Information Technology</u>	<u>Total</u>
Current Assets			
Cash and cash equivalents	\$ 7,586	\$ 427,923	\$ 435,509
Accrued interest receivable	-	306	306
Prepaid expense	-	2,756	2,756
Total current assets	<u>7,586</u>	<u>430,985</u>	<u>438,571</u>
Noncurrent Assets			
Capital assets, net of accumulated depreciation	<u>12,746</u>	<u>552,193</u>	<u>564,939</u>
Total noncurrent assets	<u>12,746</u>	<u>552,193</u>	<u>564,939</u>
 Total assets	 <u>20,332</u>	 <u>983,178</u>	 <u>1,003,510</u>
LIABILITIES AND FUND EQUITY			
Current Liabilities			
Accounts payable	315	62,736	63,051
Accrued liabilities	4,961	6,816	11,777
Current portion compensated absences	<u>1,958</u>	<u>1,737</u>	<u>3,695</u>
Total current liabilities	<u>7,234</u>	<u>71,289</u>	<u>78,523</u>
Noncurrent Liabilities			
Accrued compensated absences	<u>17,626</u>	<u>15,632</u>	<u>33,258</u>
Total noncurrent liabilities	<u>17,626</u>	<u>15,632</u>	<u>33,258</u>
Total liabilities	<u>24,860</u>	<u>86,921</u>	<u>111,781</u>
NET ASSETS			
Invested in capital assets, net of related debt	12,746	552,193	564,939
Unrestricted (deficit)	<u>(17,274)</u>	<u>344,064</u>	<u>326,790</u>
Total net assets	<u>\$ (4,528)</u>	<u>\$ 896,257</u>	<u>\$ 891,729</u>

CITY OF PUNTA GORDA, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET ASSETS
 INTERNAL SERVICE FUNDS
 For the Fiscal Year Ended September 30, 2008

	<u>General Maintenance</u>	<u>Information Technology</u>	<u>Total</u>
Operating Revenues			
Charges for services	<u>\$ 346,761</u>	<u>\$ 1,298,817</u>	<u>\$ 1,645,578</u>
Total operating revenues	<u>346,761</u>	<u>1,298,817</u>	<u>1,645,578</u>
Operating Expenses			
Personal services	279,441	414,866	694,307
Contractual services	3,316	179,677	182,993
Materials and supplies	7,152	32,093	39,245
Utilities	273	5,650	5,923
Depreciation	4,526	189,553	194,079
Insurance	7,018	21,102	28,120
Administrative charges	19,796	-	19,796
Repairs and maintenance	3,548	284,559	288,107
Travel and training	-	39,950	39,950
Rent	<u>3,987</u>	<u>77,839</u>	<u>81,826</u>
Total operating expenses	<u>329,057</u>	<u>1,245,289</u>	<u>1,574,346</u>
Operating gain (loss)	<u>17,704</u>	<u>53,528</u>	<u>71,232</u>
Nonoperating revenues			
Interest income	-	9,407	9,407
Loss on disposal of capital assets	<u>-</u>	<u>(4,303)</u>	<u>(4,303)</u>
Total nonoperating revenues	<u>-</u>	<u>5,104</u>	<u>5,104</u>
Change in net assets	17,704	58,632	76,336
Net assets - beginning	<u>(22,232)</u>	<u>837,625</u>	<u>815,393</u>
Net assets - ending	<u>\$ (4,528)</u>	<u>\$ 896,257</u>	<u>\$ 891,729</u>

CITY OF PUNTA GORDA, FLORIDA
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 For the Fiscal Year Ended September 30, 2008

	<u>General Maintenance</u>	<u>Information Technology</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from services provided	\$ 346,761	\$ 1,298,817	\$ 1,645,578
Cash payments to suppliers for goods and services	(45,142)	(601,999)	(647,141)
Cash payments to employees for services	<u>(294,976)</u>	<u>(414,619)</u>	<u>(709,595)</u>
Net cash provided by operating activities	<u>6,643</u>	<u>282,199</u>	<u>288,842</u>
CASH FLOWS USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of equipment	-	(157,258)	(157,258)
Sale of equipment	-	610	610
Net cash used in capital and related financing activities	<u>-</u>	<u>(156,648)</u>	<u>(156,648)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	-	9,500	9,500
Net increase in cash and cash equivalents	<u>6,643</u>	<u>135,051</u>	<u>141,694</u>
Cash and cash equivalents at beginning of year	<u>943</u>	<u>292,872</u>	<u>293,815</u>
Cash and cash equivalents at end of year	<u>\$ 7,586</u>	<u>\$ 427,923</u>	<u>\$ 435,509</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating gain (loss)	\$ 17,704	\$ 53,528	\$ 71,232
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	4,526	189,553	194,079
Net (increase) in:			
Prepays	-	(2,756)	(2,756)
Net increase (decrease) in:			
Accounts payable	(52)	41,625	41,573
Accrued liabilities	<u>(15,535)</u>	<u>249</u>	<u>(15,286)</u>
Net cash provided by (used in) operating activities	<u>\$ 6,643</u>	<u>\$ 282,199</u>	<u>\$ 288,842</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Disposal of fully depreciated capital assets	\$ -	\$ 338,966	\$ 338,966

CAPITAL ASSETS

USED IN THE OPERATION

OF GOVERNMENTAL FUNDS

CITY OF PUNTA GORDA, FLORIDA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE ¹
September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Governmental Funds capital assets		
Land	\$ 10,526,584	\$ 9,915,719
Buildings	8,726,224	8,726,223
Improvements other than buildings	7,065,445	6,139,242
Infrastructure	69,408,429	68,693,953
Machinery and equipment	<u>7,304,200</u>	<u>7,351,403</u>
Subtotal governmental funds capital assets	103,030,882	100,826,540
Construction work in progress	<u>4,618,492</u>	<u>1,234,445</u>
Total governmental funds capital assets	<u>\$ 107,649,374</u>	<u>\$ 102,060,985</u>
Investment in governmental funds capital assets by source:		
General fund revenues and undetermined sources	\$ 57,016,703	\$ 52,367,447
Special revenue funds	49,805,760	48,866,628
Federal, State and County grants	170,930	170,930
General obligation bonds	577,452	577,452
Contributions	<u>78,529</u>	<u>78,529</u>
Total governmental funds capital assets	<u>\$ 107,649,374</u>	<u>\$ 102,060,986</u>

¹ This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of the internal service funds are included as governmental activities in the statement of net assets.

CITY OF PUNTA GORDA, FLORIDA
SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATION OF
GOVERNMENTAL FUNDS BY FUNCTION AND ACTIVITY ¹
September 30, 2008

	Land	Buildings	Improve- ments other than Buildings	Infrastructure	Machinery & Equipment	Total
General Government:						
City Council	\$ 2,682,371	\$ 94,048	\$ -	\$ 531,030	\$ 24,910	\$ 3,332,359
City Manager	-	-	-	-	23,590	23,590
Human Resources	-	-	-	-	4,056	4,056
City Clerk	-	-	-	-	7,430	7,430
Finance	-	-	-	-	2,307	2,307
Procurement	-	121,178	-	-	30,934	152,112
Planning & Econ Facil	-	-	-	-	13,030	13,030
Public Works Admin	-	-	-	-	43,978	43,978
Engineering	-	-	-	-	79,848	79,848
Parks and Grounds	3,179,692	141,698	3,101,509	1,012,729	495,908	7,931,536
Facility Services	-	2,783,908	16,395	103,928	201,020	3,105,251
CRA	4,565,975	1,204,982	2,982,198	1,925,260	709,279	11,387,694
Total General Govt	<u>10,428,038</u>	<u>4,345,814</u>	<u>6,100,102</u>	<u>3,572,947</u>	<u>1,636,290</u>	<u>26,083,191</u>
Public Safety:						
Police	35,640	1,771,453	20,149	-	1,996,640	3,823,882
Fire	31,226	2,608,957	1,194	-	2,208,840	4,850,217
Community Develop	-	-	-	-	17,590	17,590
Total Public Safety	<u>66,866</u>	<u>4,380,410</u>	<u>21,343</u>	<u>-</u>	<u>4,223,070</u>	<u>8,691,689</u>
Transportation:						
Right of Way Maint	31,680	-	936,900	33,074,387	1,066,712	35,109,679
Total Transportation	<u>31,680</u>	<u>-</u>	<u>936,900</u>	<u>33,074,387</u>	<u>1,066,712</u>	<u>35,109,679</u>
Canal maintenance:						
PGI Canal Maint	-	-	7,100	26,415,486	376,809	26,799,395
BSI Canal Maint	-	-	-	6,345,609	1,319	6,346,928
Total Canal Maintenance	<u>-</u>	<u>-</u>	<u>7,100</u>	<u>32,761,095</u>	<u>378,128</u>	<u>33,146,323</u>
 Total	 <u>\$ 10,526,584</u>	 <u>\$8,726,224</u>	 <u>\$ 7,065,445</u>	 <u>\$ 69,408,429</u>	 <u>\$7,304,200</u>	 103,030,882
Construction work in progress						<u>4,618,492</u>
						<u>\$ 107,649,374</u>

¹ This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of the internal service funds are included as governmental activities in the statement of net assets.

CITY OF PUNTA GORDA, FLORIDA
 SCHEDULE OF CHANGES IN CAPITAL ASSETS USED IN THE OPERATION OF
 GOVERNMENTAL FUNDS BY FUNCTION AND ACTIVITY ¹
 For the Fiscal Year Ended September 30, 2008

Function and Activity	Governmental Funds Capital Assets October 1, 2007	Reclasses/ Additions	Reclasses/ Deductions	Governmental Funds Capital Assets September 30, 2008
General Government				
Service:				
City Council	\$ 3,332,359	\$ -	\$ -	\$ 3,332,359
City Manager	23,590	-	-	23,590
Human Resources	4,056	-	-	4,056
City Clerk	7,430	-	-	7,430
Finance	2,307	-	-	2,307
Procurement	150,812	1,300	-	152,112
Plan & Economic Facil	19,728	-	(6,698)	13,030
Public Works Admin	43,978	-	-	43,978
Engineering	79,848	-	-	79,848
Parks and Grounds	7,696,194	271,566	(36,224)	7,931,536
Facility Services	3,100,912	4,339	-	3,105,251
Community Redev Agency	10,775,420	612,274	-	11,387,694
Total General Government	<u>25,236,634</u>	<u>889,479</u>	<u>(42,922)</u>	<u>26,083,191</u>
Public Safety:				
Police	3,753,390	107,683	(37,191)	3,823,882
Fire	4,979,456	60,014	(189,253)	4,850,217
Community Development	35,008	-	(17,418)	17,590
Total Public Safety	<u>8,767,854</u>	<u>167,697</u>	<u>(243,862)</u>	<u>8,691,689</u>
Transportation:				
Right of Way Maint	<u>33,690,630</u>	<u>1,419,049</u>	<u>-</u>	<u>35,109,679</u>
Total Transportation	<u>33,690,630</u>	<u>1,419,049</u>	<u>-</u>	<u>35,109,679</u>
Canal maintenance:				
PGI Canal Maint	26,784,494	46,653	(31,752)	26,799,395
BSI Canal Maint	<u>6,346,928</u>	<u>-</u>	<u>-</u>	<u>6,346,928</u>
Total Canal Maintenance	<u>33,131,422</u>	<u>46,653</u>	<u>(31,752)</u>	<u>33,146,323</u>
 Total	 <u>\$ 100,826,540</u>	 <u>\$ 2,522,878</u>	 <u>\$ (318,536)</u>	 103,030,882
Construction work in progress				<u>4,618,492</u>
				<u>\$ 107,649,374</u>

¹ This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of the internal service funds are included as governmental activities in the statement of net assets.

STATISTICAL SECTION

CITY OF PUNTA GORDA, FLORIDA

STATISTICAL SECTION
(Unaudited)

This part of the City of Statistical'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.

<u>Contents</u>	<u>Page</u>
Financial Trends	95
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	100
These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property and sales taxes.	
Debt Capacity	104
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.	
Table of Computation of Legal Debt Margin is omitted because the Constitution of the State of Florida (FS 200.181) and City of Punta Gorda set no legal debt limit.	
Demographic and Economic Information	108
These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	110
These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information 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 year. The city implemented Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

City of Punta Gorda, Florida
Net Assets by Component
Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year						
	2008	2007	2006	2005	2004	2003	2002
Governmental activities							
Invested in capital assets, net of related debt	\$ 22,648,403	\$ 33,056,270	\$ 26,355,360	\$ 28,455,370	\$ 25,200,694	\$ 23,892,442	\$ 26,662,334
Restricted	16,564,079	4,752,331	5,258,454	3,878,852	3,802,933	2,826,351	1,747,164
Unrestricted	<u>5,654,823</u>	<u>7,464,821</u>	<u>7,669,666</u>	<u>3,283,673</u>	<u>2,791,662</u>	<u>5,304,525</u>	<u>4,584,091</u>
Total governmental activities net assets	<u>\$ 44,867,305</u>	<u>\$ 45,273,422</u>	<u>\$ 39,283,480</u>	<u>\$ 35,617,895</u>	<u>\$ 31,795,289</u>	<u>\$ 32,023,318</u>	<u>\$ 32,993,589</u>
Business-type activities							
Invested in capital assets, net of related debt	\$ 34,966,838	\$ 28,147,738	\$ 25,671,970	\$ 25,258,114	\$ 24,718,468	\$ 23,500,701	\$ 22,351,238
Restricted	10,545,071	10,821,837	7,632,554	8,136,448	7,510,942	9,185,654	8,216,625
Unrestricted	<u>7,746,315</u>	<u>11,059,075</u>	<u>15,001,540</u>	<u>10,925,707</u>	<u>10,224,442</u>	<u>8,448,403</u>	<u>9,328,883</u>
Total business-type activities net assets	<u>\$ 53,258,224</u>	<u>\$ 50,028,650</u>	<u>\$ 48,306,064</u>	<u>\$ 44,320,269</u>	<u>\$ 42,453,852</u>	<u>\$ 41,134,758</u>	<u>\$ 39,896,746</u>
Primary government							
Invested in capital assets, net of related debt	\$ 57,615,241	\$ 61,204,008	\$ 52,027,330	\$ 53,713,484	\$ 49,919,162	\$ 47,393,143	\$ 49,013,572
Restricted	27,109,150	15,574,168	12,891,008	12,015,300	11,313,875	12,012,005	9,963,789
Unrestricted	<u>13,401,138</u>	<u>18,523,896</u>	<u>22,671,206</u>	<u>14,209,380</u>	<u>13,016,104</u>	<u>13,752,928</u>	<u>13,912,974</u>
Total primary government net assets	<u>\$ 98,125,529</u>	<u>\$ 95,302,072</u>	<u>\$ 87,589,544</u>	<u>\$ 79,938,164</u>	<u>\$ 74,249,141</u>	<u>\$ 73,158,076</u>	<u>\$ 72,890,335</u>

City of Punta Gorda, Florida
Changes in Net Assets
Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year						
	2008	2007	2006	2005	2004	2003	2002
Expenses							
Governmental activities:							
General government	\$ 5,058,263	\$ 4,171,880	\$ 3,279,077	\$ 3,818,813	\$ 4,196,052	\$ 5,857,625	\$ 3,052,661
Public safety	8,475,071	8,324,762	7,500,777	7,608,668	6,791,333	5,908,408	5,712,403
Transportation	2,501,444	3,632,732	2,870,066	2,068,295	2,182,392	1,989,493	2,186,096
Economic environment	1,549,851	521,498	608,842	501,182	254,360	177,115	1,358,570
Recreation	4,914,306	5,346,971	4,929,326	3,729,535	7,658,375	3,730,291	1,603,157
Storm related	-	-	-	2,855,483	4,674,955	-	-
Interest on long-term debt	349,841	361,620	304,843	203,138	234,058	198,943	151,212
Total governmental activities expenses	<u>22,848,776</u>	<u>22,359,463</u>	<u>19,492,931</u>	<u>20,785,114</u>	<u>25,991,525</u>	<u>17,861,875</u>	<u>14,064,099</u>
Business-type activities:							
Water and wastewater	15,761,078	15,848,537	14,171,524	12,546,070	12,701,810	11,902,457	11,107,858
Sanitation/refuse	2,697,547	2,696,303	2,722,014	2,463,665	2,520,655	2,420,658	2,282,279
Building Fund	900,760	1,071,282	1,219,504	-	-	-	-
Marina Fund	214,506	114,477	-	-	-	-	-
Total business-type activities expenses	<u>19,573,891</u>	<u>19,730,599</u>	<u>18,113,042</u>	<u>15,009,735</u>	<u>15,222,465</u>	<u>14,323,115</u>	<u>13,390,137</u>
Total primary government expenses	<u>\$ 42,422,667</u>	<u>\$ 42,090,062</u>	<u>\$ 37,605,973</u>	<u>\$ 35,794,849</u>	<u>\$ 41,213,990</u>	<u>\$ 32,184,990</u>	<u>\$ 27,454,236</u>
Program Revenues							
Governmental activities:							
Charges for services	\$ 3,038,058	\$ 3,068,805	\$ 3,324,581	\$ 5,082,158	\$ 2,957,844	\$ 2,423,662	\$ 2,241,604
Operating grants and contributions	546,568	586,303	565,166	3,216,534	4,950,127	56,409	210,082
Capital grants and contributions	2,497,389	4,312,306	3,312,120	1,223,665	3,430,791	1,163,079	1,736,858
Intergovernmental revenues	-	-	-	-	4,511,548	3,927,265	-
Total governmental activities program revenues	<u>6,082,015</u>	<u>7,967,414</u>	<u>7,201,867</u>	<u>9,522,357</u>	<u>15,850,310</u>	<u>7,570,415</u>	<u>4,188,544</u>
Business-type activities:							
Charges for Services							
Water and Sewer	11,644,843	12,235,089	11,936,777	11,239,816	11,864,808	11,146,850	10,987,962
Sanitation/refuse	2,837,053	2,828,985	2,718,416	2,344,094	2,509,935	2,208,154	2,091,504
Building Fund	778,176	1,044,109	1,878,408	-	-	-	-
Marina Fund	216,771	104,320	-	-	-	-	-
Operating grants and contributions	-	61,480	9,322	16,190	30,639	24,683	30,917
Capital grants and contributions	6,376,950	3,380,915	4,148,396	2,730,343	1,630,102	1,556,869	2,600,528
Total business-type activities program revenues	<u>21,853,793</u>	<u>19,654,898</u>	<u>20,691,319</u>	<u>16,330,443</u>	<u>16,035,484</u>	<u>14,936,556</u>	<u>15,710,911</u>
Total primary government program revenues	<u>\$ 27,935,808</u>	<u>\$ 27,622,312</u>	<u>\$ 27,893,186</u>	<u>\$ 25,852,800</u>	<u>\$ 31,885,794</u>	<u>\$ 22,506,971</u>	<u>\$ 19,899,455</u>

(continued)

City of Punta Gorda, Florida
Changes in Net Assets
Last Seven Fiscal Years
(accrual basis of accounting)
(continued)

	Fiscal Year						
	2008	2007	2006	2005	2004	2003	2002
Net (Expense)/Revenue							
Government activities	\$ (16,766,761)	\$ (14,392,049)	\$ (12,291,064)	\$ (11,262,757)	\$ (10,141,215)	\$ (10,291,460)	\$ (9,875,555)
Business type activities	2,279,902	(75,701)	2,578,277	1,320,708	813,019	613,441	2,320,774
Total primary government net expense	<u>\$ (14,486,859)</u>	<u>\$ (14,467,750)</u>	<u>\$ (9,712,787)</u>	<u>\$ (9,942,049)</u>	<u>\$ (9,328,196)</u>	<u>\$ (9,678,019)</u>	<u>\$ (7,554,781)</u>
General Revenues and Other							
Changes in Net Assets							
Government activities:							
Property taxes	\$ 7,319,612	\$ 7,401,394	\$ 6,134,672	\$ 5,733,290	\$ 4,932,027	\$ 4,373,005	\$ 4,177,120
Franchise fees	1,365,284	1,331,145	1,323,607	1,109,411	1,044,505	1,016,275	31,641
Utility taxes and gas taxes	3,348,743	3,462,681	3,440,025	3,400,667	3,471,836	3,488,370	1,126,818
Sales taxes	3,192,142	3,732,044	4,021,518	3,865,509	-	-	-
Occupational licenses	-	-	-	-	-	-	136,420
Investment earnings	466,383	881,752	794,741	228,952	194,637	206,280	335,301
Miscellaneous	683,480	961,972	742,086	747,534	254,509	287,250	203,750
Gain on sale of capital assets	-	-	-	-	15,672	31,806	28,994
Transfers	(15,000)	-	(500,000)	-	-	-	3,196,412
Total governmental activities	<u>16,360,644</u>	<u>17,770,988</u>	<u>15,956,649</u>	<u>15,085,363</u>	<u>9,913,186</u>	<u>9,402,986</u>	<u>9,236,456</u>
Business-type activities:							
Franchise fees	13,757	16,060	16,610	13,527	14,815	12,661	903,028
Utility taxes and gas taxes	-	-	-	-	-	-	2,161,270
Intergovernmental revenues	-	-	-	-	-	-	146,243
Investment earnings	546,821	1,035,266	842,404	490,500	267,424	379,771	587,233
Miscellaneous	374,094	746,961	48,504	39,825	223,836	212,774	43,555
Gain on sale of capital assets	-	-	-	1,857	-	19,365	37,520
Transfers	15,000	-	500,000	-	-	-	(3,196,412)
Total business-type activities	<u>949,672</u>	<u>1,798,287</u>	<u>1,407,518</u>	<u>545,709</u>	<u>506,075</u>	<u>624,571</u>	<u>682,437</u>
Total primary government	<u>\$ 17,310,316</u>	<u>\$ 19,569,275</u>	<u>\$ 17,364,167</u>	<u>\$ 15,631,072</u>	<u>\$ 10,419,261</u>	<u>\$ 10,027,557</u>	<u>\$ 9,918,893</u>
Change in Net Assets							
Governmental activities	\$ (406,117)	\$ 3,378,939	\$ 3,665,585	\$ 3,822,606	\$ (228,029)	\$ (888,474)	\$ (639,099)
Business-type activities	3,229,574	1,722,586	3,985,795	1,866,417	1,319,094	1,238,012	3,003,211
Total primary government	<u>\$ 2,823,457</u>	<u>\$ 5,101,525</u>	<u>\$ 7,651,380</u>	<u>\$ 5,689,023</u>	<u>\$ 1,091,065</u>	<u>\$ 349,538</u>	<u>\$ 2,364,112</u>

City of Punta Gorda, Florida
Fund Balances of Governmental Funds
Last Seven Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year						
	2008	2007	2006	2005	2004	2003	2002
General Fund							
Reserved	\$ 13,325	\$ 12,073	\$ 8,320	\$ 12,873	\$ 20,976	\$ 16,814	\$ 28,966
Unreserved	2,136,234	2,592,762	3,515,022	4,057,485	3,140,042	3,398,600	3,256,143
Total general fund	<u>\$ 2,149,559</u>	<u>\$ 2,604,835</u>	<u>\$ 3,523,342</u>	<u>\$ 4,070,358</u>	<u>\$ 3,161,018</u>	<u>\$ 3,415,414</u>	<u>\$ 3,285,109</u>
All Other Governmental Funds							
Reserved							
Community Redevelopment Agency fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,850,128	\$ -
Special revenue funds	-	-	-	67,192	91,892	384,961	-
Capital projects fund	14,748,301	4,731,481	5,241,808	3,790,840	3,682,328	2,416,937	1,710,380
Debt service	1,793,418	-	-	-	-	-	-
Gilchrist Intention permanent fund	9,035	8,777	8,326	7,947	7,737	7,639	7,529
Unreserved, reported in:							
Community Redevelopment Agency fund	228,449	948,986	2,851,803	(183,102)	622,154	705,272	798,210
Storm fund	-	-	-	80,689	-	-	-
Special revenue funds	3,846,156	4,544,633	1,841,762	(309,173)	(507,411)	68,750	-
Designated for subsequent year's budget	-	-	-	-	-	-	367,728
Total all other governmental funds	<u>\$ 20,625,359</u>	<u>\$ 10,233,877</u>	<u>\$ 9,943,699</u>	<u>\$ 3,454,393</u>	<u>\$ 3,896,700</u>	<u>\$ 5,433,687</u>	<u>\$ 2,883,847</u>

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

	Fiscal Year			
	2008	2007	2006	2005
Revenues				
Taxes	\$ 9,928,267	\$ 11,264,695	\$ 9,922,917	\$ 10,231,641
Licenses and permits	1,411,185	119,369	156,080	2,736,653
Intergovernmental	6,921,575	9,099,683	8,709,282	8,211,624
Charges for services	369,828	330,834	416,161	254,001
Fines and forfeits	167,949	215,000	173,594	103,379
Miscellaneous	6,251,446	7,245,744	6,670,719	4,762,080
Total revenues	<u>25,050,250</u>	<u>28,275,325</u>	<u>26,048,753</u>	<u>26,299,378</u>
Expenditures				
Current:				
General government	6,154,605	6,377,140	5,436,018	4,907,746
Public safety	8,125,330	8,096,334	7,208,484	7,518,937
Transportation	1,907,488	3,230,449	2,355,179	1,897,888
Economic environment	1,661,754	521,498	384,949	342,286
Recreation	4,341,429	4,710,861	4,270,190	3,074,464
Storm Related	-	-	-	2,855,483
Debt service:				
Principal	648,000	620,500	528,996	1,066,130
Interest and other charges	349,841	361,620	304,843	203,138
Capital outlay	6,338,689	7,596,255	4,170,804	3,958,521
Total expenditures	<u>29,527,136</u>	<u>31,514,657</u>	<u>24,659,463</u>	<u>25,824,593</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,476,886)</u>	<u>(3,239,332)</u>	<u>1,389,290</u>	<u>474,785</u>
Other financing sources (uses)				
Transfers in	3,704,250	3,987,168	3,542,741	3,092,341
Transfers out	(3,719,250)	(3,987,168)	(4,042,741)	(3,100,093)
Issuance of debt	14,428,092	-	5,053,000	-
Total other financing sources (uses)	<u>14,413,092</u>	<u>-</u>	<u>4,553,000</u>	<u>(7,752)</u>
Net change in fund balances	<u><u>\$ 9,936,206</u></u>	<u><u>\$ (3,239,332)</u></u>	<u><u>\$ 5,942,290</u></u>	<u><u>\$ 467,033</u></u>
Debt service as a percentage of noncapital expenditures	<u>4.45%</u>	<u>4.40%</u>	<u>4.27%</u>	<u>6.24%</u>

Fiscal Year					
2004	2003	2002	2001	2000	1999
\$ 9,448,368	\$ 8,877,651	\$ 5,335,578	\$ 4,831,775	\$ 4,419,864	\$ 4,221,571
704,155	837,940	782,102	826,990	806,060	825,760
12,750,887	4,855,125	4,475,894	3,670,491	3,104,834	2,104,528
194,033	167,770	112,312	117,097	121,301	128,574
102,698	104,621	101,718	121,057	110,093	125,848
4,344,582	3,881,054	4,556,822	4,123,202	3,840,670	3,945,642
<u>27,544,723</u>	<u>18,724,161</u>	<u>15,364,426</u>	<u>13,690,612</u>	<u>12,402,822</u>	<u>11,351,923</u>
5,129,701	5,422,490	4,713,308	4,295,517	4,291,006	3,976,242
6,805,994	6,025,466	5,879,324	5,250,164	4,709,486	4,305,180
2,019,953	1,900,615	1,975,509	1,876,271	1,740,282	1,527,723
273,110	177,115	1,358,570	452,924	222,097	186,903
6,971,671	2,455,913	909,443	838,074	838,279	920,836
4,674,955	-	-	-	-	-
729,446	2,443,832	381,283	317,170	285,000	225,000
240,530	188,475	134,133	204,954	235,845	188,650
2,490,746	1,522,110	7,176,170	3,205,864	2,189,620	2,516,185
<u>29,336,106</u>	<u>20,136,016</u>	<u>22,527,740</u>	<u>16,440,938</u>	<u>14,511,615</u>	<u>13,846,719</u>
<u>(1,791,383)</u>	<u>(1,411,855)</u>	<u>(7,163,314)</u>	<u>(2,750,326)</u>	<u>(2,108,793)</u>	<u>(2,494,796)</u>
2,514,222	4,071,526	7,683,806	6,620,578	6,493,420	5,307,180
(2,514,222)	(4,071,526)	(4,487,394)	(3,417,719)	(3,602,699)	(2,530,433)
-	4,092,000	352,000	595,523	800,000	-
-	4,092,000	3,548,412	3,798,382	3,690,721	2,776,747
<u>\$ (1,791,383)</u>	<u>\$ 2,680,145</u>	<u>\$ (3,614,902)</u>	<u>\$ 1,048,056</u>	<u>\$ 1,581,928</u>	<u>\$ 281,951</u>
<u>3.82%</u>	<u>16.94%</u>	<u>6.14%</u>	<u>4.11%</u>	<u>4.41%</u>	<u>3.79%</u>

City of Punta Gorda, Florida
Just Value and Taxable Value of All Property
Last Ten Fiscal Years

Fiscal Year Ended September 30,	Real Property	Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2008	\$ 3,773,670,256	\$ 174,944,721	\$ 886,349,169	\$ 3,062,265,808	2.1728
2007	4,877,723,823	168,120,779	1,530,283,616	3,515,560,986	2.1772
2006	3,394,504,592	138,710,022	953,987,243	2,579,227,371	2.4772
2005	3,056,785,438	134,623,406	782,926,911	2,408,481,933	2.4772
2004	2,563,413,563	121,670,527	604,538,734	2,080,545,356	2.4772
2003	2,166,148,419	115,779,823	488,566,001	1,793,362,241	2.5446
2002	1,888,629,607	106,539,943	411,270,171	1,583,899,379	2.7419
2001	1,718,409,977	96,074,080	399,842,632	1,414,641,425	2.7419
2000	1,478,292,653	94,209,497	322,669,557	1,249,832,593	2.9565
1999	1,298,001,748	93,356,505	252,216,883	1,139,141,370	3.1572

Source: Charlotte County County Property Appraiser

Note: Property is assessed at market value. The Save Our Homes Amendment caps homesteaded property at a maximum increase in the taxable value to 3% per year. Tax rates are per \$1,000 of assessed value.

City of Punta Gorda, Florida
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
 (rate per \$1,000 of assessed value)

Fiscal Year Ended September 30,	City of Punta Gorda			Overlapping Rates ^a		Total Direct and Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage	Charlotte County	Charlotte County School Board	
2008	2.1728	0.0000	2.1728	4.5426	6.2388	12.9542
2007	2.1772	0.0000	2.1772	4.5426	6.2388	12.9586
2006	2.4772	0.0000	2.4772	5.3709	7.5090	15.3571
2005	2.4772	0.0000	2.4772	4.7709	8.4690	15.7171
2004	2.4772	0.0000	2.4772	4.8709	8.4180	15.7661
2003	2.5446	0.0000	2.5446	4.8709	8.6280	16.0435
2002	2.7419	0.0000	2.7419	4.7141	8.7544	16.2104
2001	2.7419	0.0000	2.7419	4.7141	8.8220	16.2780
2000	2.9565	0.0000	2.9565	4.7141	9.1360	16.8066
1999	3.1572	0.0000	3.1572	4.5992	9.7310	17.4874

^a Overlapping rates are those of county governments that apply to property owners within the City of Punta Gorda.

City of Punta Gorda, Florida
Principal Property Taxpayers
Last Ten Fiscal Years
(in millions)

Rank	Taxpayer/Type of Business	2008	2007	2006	2005
		Taxable Assessed Value	Taxable Assessed Value	Taxable Assessed Value	Taxable Assessed Value
1	Punta Gorda Medical Center, Inc. Hospital	\$ 46.5	\$ 47.0	\$ 37.3	\$ 31.7
2	Florida Power & Light Co. Electric Utility	38.4	37.3	28.7	24.1
3	Sprint-United Telephone Company of FL Telephone Utility	21.8	23.7	18.1	17.0
4	Punta Gorda Partners LLC Condo- Vivante	20.3	10.3	8.5	-
5	Palm Isles Condo Dev LLC Condo- Vivante	18.5	20.1	8.3	-
6	Punta Gorda Hotel, LLC Best Western	15.2	15.5	-	8.8
7	Nu-West Florida, Inc. Shopping Center Fishermen's Village	13.0	15.5	9.3	15.7
8	Home Depot USA, Inc	9.6	10.8	-	-
9	Fund VIII Punta Gorda Crossing	9.1	-	-	-
10	Punta Gorda Assoc., Ltd. Life Care Center	7.7	-	-	6.5
	Integrated Control Systems, Inc.- Training Center & Impac University	-	12.3	-	-
	Colonial Realty, Limited-shopping center Shopping Center Burnt Store	-	8.5	9.7	11.6
	Punta Gorda Pines, Ltd Condo- The Pines	-	-	9.0	10.2
	Punta Gorda Land Holdings Condo- Vivante	-	-	7.1	-
	Semlak LLC Shopping Center-Seminole Plaza	-	-	6.6	6.7
	Bayvue, Inc of Florida-Holiday Inn Hotel-HOLIDAY Inn	-	-	-	-
	Wal-Mart Stores, Inc. Retail Store	-	-	-	-
	Seminole Lakes- Development	-	-	-	-
	Punta Gorda FL Commercial Shopping Center Punta Gorda Mall	-	-	-	8.2
	Golden Key Inv Holiday Inn Harborside	-	-	-	-
	Royal Palm Harbor PA Land	-	-	-	-
	Total	\$ 200.1	\$ 201.0	\$ 142.6	\$ 140.5
	City Total Assessed Value	\$ 3,062.2	\$ 3,515.6	\$ 2,579.2	\$ 2,408.0
	Principal Taxpayer's Percentage of total	6.53%	5.72%	5.53%	5.83%

Source: Charlotte County Property Appraiser

2004	2003	2002	2001	2000	1999
Taxable Assessed Value	Taxable Assessed Value	Taxable Assessed Value	Taxable Assessed Value	Taxable Assessed Value	Taxable Assessed Value
\$ 31.7	\$ 32.5	\$ 29.0	\$ 27.0	\$ 25.7	\$ 24.0
24.1	22.5	20.8	11.6	11.3	11.0
17.0	17.0	17.5	16.3	14.9	30.0
-	-	-	-	-	-
-	-	-	-	-	-
8.8	-	-	-	-	-
15.7	15.2	7.8	11.3	12.1	7.6
-	-	-	-	-	-
-	-	-	-	-	-
6.5	-	-	-	5.8	4.8
-	12.6	10.4	9.1	9.0	8.7
11.6	13.2	12.8	13.0	12.2	9.6
10.2	12.9	13.0	-	-	-
-	-	-	-	-	-
6.7	7.1	-	6.2	-	-
-	9.3	8.6	9.2	6.6	4.8
-	-	7.2	6.0	5.4	5.7
-	-	-	-	-	4.5
8.2	-	-	5.8	-	-
-	-	-	-	5.6	-
-	9.8	9.5	-	-	-
\$ 140.5	\$ 152.1	\$ 136.6	\$ 115.5	\$ 108.6	\$ 110.7
\$ 2,081.0	\$ 1,793.0	\$ 1,584.0	\$ 1,415.0	\$ 1,250.0	\$ 1,139.0
6.75%	8.48%	8.62%	8.16%	8.69%	9.72%

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City of Punta Gorda, Florida
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal year Ended September 30,	Taxes Levied for the Fiscal Year	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$ 7,646,888	\$ 7,319,612	95.72%	\$ -0-	\$ 7,319,612	95.72%
2007	7,654,022	7,371,453	96.31%	29,941	7,401,394	96.70%
2006	6,389,890	6,126,236	95.87%	14,562	6,140,798	96.10%
2005	5,966,228	4,931,320	82.65%	31,146	4,962,466	83.18%
2004	5,153,863	4,370,847	84.81%	707	4,371,555	84.82%
2003	4,563,325	4,173,205	91.45%	2,158	4,175,363	91.50%
2002	4,342,794	3,758,581	86.55%	3,915	3,762,496	86.64%
2001	3,878,709	3,564,116	91.89%	2,182	3,566,298	91.95%
2000	3,695,017	3,496,374	94.62%	10,211	3,506,585	94.90%
1999	3,596,395	3,492,301	97.11%	965	3,493,266	97.13%

Source: City of Punta Gorda Finance Department and Charlotte County Tax Collector

**City of Punta Gorda, Florida
Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year Ended September 30,	Governmental Activities			Business-Type Activities		
	General Obligation Bonds	Capital Revenue Notes	Capital Leases	Water and Wastewater Bonds	Water and Wastewater Notes	Capital Leases
2008	\$ -	\$ 22,254,009	\$ -	\$ 8,150,000	\$ 7,943,727	\$ 603,365
2007	-	8,473,917	-	9,290,000	8,569,640	774,394
2006	-	9,094,417	-	10,021,040	9,219,291	978,355
2005	-	4,538,417	31,996	11,029,460	9,432,429	498,705
2004	-	5,563,417	73,126	12,217,880	5,173,522	370,202
2003	-	5,951,417	188,356	13,821,299	5,872,897	495,816
2002	-	4,215,417	150,404	15,619,718	6,565,827	620,550
2001	-	4,560,417	186,687	16,946,967	6,106,070	731,896
2000	-	4,468,750	-	17,860,597	3,332,265	307,699
1999	-	3,953,750	-	19,324,228	3,034,951	358,968

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

<u>Internal Services</u>		Ratio of Outstanding Debt to	
Capital Leases	Total Primary Government	Total Personal Income	Per Capita
\$ -	\$38,951,101	6.4%	\$ 2,140
-	27,107,951	4.7%	1,495
-	29,313,103	5.9%	1,803
-	25,531,007	5.7%	1,487
-	23,398,147	5.2%	1,410
-	26,329,785	6.0%	1,633
156,243	27,328,159	6.3%	1,794
232,874	28,764,911	7.3%	2,005
358,707	26,328,018	7.2%	1,929
151,117	26,823,014	8.1%	2,101

City of Punta Gorda, Florida
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

There has been no General Bonded Debt Outstanding for the past ten fiscal years.

City of Punta Gorda, Florida
 Direct and Overlapping Governmental Activities Debt
 General Obligation Bonds
 As of September 30, 2008

<u>Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Percent Applicable to Punta Gorda ^a</u>	<u>Amount Applicable to Punta Gorda ^a</u>
Overlapping debt			
Charlotte County School Board General Obligation debt	\$ -	0.00%	\$ -
City direct debt	<u>-</u>		<u>-</u>
Total direct and overlapping debt	<u>\$ -0-</u>		<u>\$ -0-</u>

Source: Assessed value data used to estimate applicable percentages provided by Charlotte County Property Appraiser. Debt outstanding data provided by each governmental unit.

^a The percentage of overlapping debt applicable is estimated using taxable assessed property values in the City of Punta Gorda to total taxable assessed valuation of property in Charlotte County.

City of Punta Gorda, Florida
Pledged-Revenues Coverage
Last Ten Fiscal Years

Water & Sewer Utility Revenue Bonds

Fiscal Year Ended September 30,	Pledged Revenues (a)	Less: Operating Expenses (b)	Net Available Revenue	Debt Service Requirements	Coverage
2008	\$18,884,053	\$ 10,363,438	\$ 8,520,615	\$ 1,581,040	5.4
2007	14,772,138	10,437,434	4,334,704	1,581,040	2.7
2006	16,936,571	8,808,679	8,127,892	2,246,295	3.6
2005	14,503,049	7,377,234	7,125,815	2,246,295	3.2
2004	14,000,595	7,193,330	6,807,265	2,246,295	3.0
2003	13,309,397	6,612,357	6,697,040	2,271,120	2.9
2002	14,254,094	5,795,704	8,458,390	2,346,778	3.6
2001	16,119,293	5,348,343	10,770,950	2,393,586	4.5
2000	16,231,922	5,292,420	10,939,502	2,393,586	4.6
1999	15,044,419	5,118,793	9,925,626	2,667,758	3.7

(a) Includes operating and nonoperating revenues, available impact fees and other pledged revenues. Before 2002 pledged revenues included utility taxes, franchise fees and State Revenue Sharing

(b) Excludes depreciation expense and the cost associated with Billing and Collection division.

City of Punta Gorda, Florida
Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal year Ended September 30,</u>	<u>Population City of Punta Gorda (a)</u>	<u>Population Charlotte County</u>	<u>Per Capita Income (b)</u>	<u>Total Personal Income City of Punta Gorda (in thousands)</u>	<u>Unemployment Rate (b)</u>
2008	18,200 est	169,000 est	\$33,510 est	\$566,319	9.6%
2007	18,123	165,000	32,000 est	579,936	6.2%
2006	16,593	162,900	29,890	495,965	2.7%
2005	16,255	154,030	27,618	448,931	3.1%
2004	17,168	156,985	26,003	446,420	5.0%
2003	16,591	151,995	26,479	439,313	4.4%
2002	16,120	148,521	26,932	434,144	4.2%
2001	15,236	144,571	25,975	395,755	3.4%
2000	14,344	141,627	25,361	363,778	2.7%
1999	13,646	136,733	24,195	330,165	3.1%

Note: Information presented is the most current available.

^a **Source:** Bureau of Economic and Business Research (BEBR) of the University of Florida

^b **Source:** Florida Statistical Abstract or U.S. Department of Labor, Bureau of Labor Statistics

City of Punta Gorda, Florida
Principal Employers
(Punta Gorda MSA)

Fiscal Year End 2008

Employer	Employees	Rank	Percentage of Total MSA Employment
Charlotte County School Board	2,732	1	4.36%
Wal - Mart	1,572	2	2.51%
Charlotte County Board of Commisioners	1,220	3	1.95%
Publix Supermarkets	1,049	4	1.68%
Charlotte Regional Medical Center	867	5	1.38%
Peace River Regional Medical Center	781	6	1.25%
Fawcett Memorial Hospital Inc.	709	7	1.13%
Charlotte County Sheriff's Office	518	8	0.83%
Charlotte Correctional Institute	426	9	0.68%
Home Depot	388	10	0.62%

Note: Nine years ago information was unavailable for this schedule.

Note: Percentage calculation is number of employees divided by the total employed labor force as provided by the U.S. Department of Labor, Bureau of Labor Statistics.

City of Punta Gorda, Florida
 Authorized Full-time Equivalent City Government Employees by Function/Program
 Last Six Fiscal Years

Function/Program	2008	2007	2006	2005	2004	2003
General Government						
City Council	5.00	5.00	5.00	5.00	5.00	5.00
City Manager's Office	3.00	3.00	3.00	3.00	3.00	3.00
Human Resources	4.00	4.00	4.00	3.00	3.00	3.00
City Clerk	5.00	5.00	5.00	5.00	5.00	5.00
Procurement	9.00	9.00	8.50	8.00	8.00	8.00
Finance	8.00	8.00	8.00	8.00	7.00	7.00
Legal	1.00	1.00	1.00	1.00	1.00	1.00
Public Works						
Public Works Administration	3.00	3.00	3.00	3.00	3.00	5.00
Engineering	6.00	6.00	5.00	5.00	5.00	5.00
Right of Way Maintenance	17.00	18.00	18.00	18.00	18.00	18.00
Parks and Grounds	16.00	16.00	16.00	16.00	14.00	13.50
Police	52.00	52.00	52.00	51.00	49.50	48.50
Fire	30.00	30.00	30.00	30.00	29.00	26.00
Growth Management						
Growth Management Admin	2.00	2.00	2.00	2.00	1.50	1.00
Code Compliance	6.00	7.00	7.00	7.00	-	-
Urban Design	7.00	7.00	7.00	7.00	8.00	8.00
Facilities Maintenance	4.00	4.00	4.00	4.00	4.00	4.50
Punta Gorda Isles Canal Maintenance	10.50	10.50	10.50	10.50	10.50	10.50
Utilities						
Billing and Collections	8.00	8.00	8.00	8.00	8.00	8.00
Utilities Administration	7.00	7.00	5.00	5.00	5.00	5.00
Water Treatment	18.00	18.00	18.00	18.00	17.00	17.00
Wastewater Collection	15.00	15.00	15.00	14.00	12.00	12.00
Wastewater Treatment	15.00	15.00	15.00	15.00	15.00	15.00
Water Distribution	20.00	20.00	20.00	16.00	16.00	16.00
Sanitation/Refuse	19.00	19.00	19.00	20.00	21.00	21.00
Building	8.00	11.00	14.00	14.00	14.00	14.00
Fleet Maintenance	5.00	5.00	5.00	5.00	5.00	5.00
Information Technology						
Management Information Services(MIS)	4.00	4.00	4.00	3.00	3.00	3.00
Geographic Information Services(GIS)	1.00	1.00	1.00	1.00	-	-
Total	308.50	313.50	313.00	305.50	290.50	288.00

Source: City of Punta Gorda Budgeted Position Summary
 Information in this format was unavailable prior to 2003.

City of Punta Gorda, Florida
 Operating Indicators by Function/Program
 Last Four Fiscal Years

<u>Function/Program</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Police				
Calls for Service	14,222	13,026	13,940	13,637
Citations Issued	16,131	20,030	20,084	12,306
Traffic crashes	448	534	628	583
Narcotics arrests	226	250	187	215
Fire Department				
Fires	70	87	100	97
EMS and Police assistance calls	2,115	2,047	1,898	1,670
General Government				
Building permits issued	1,429	1,723	3,062	11,792
Building inspections conducted	4,834	6,799	8,860	21,105
Dwelling units permitted	98	92	243	722
Streets and highways				
Streets resurfaced (<i>miles</i>)	0.0	6.5	5	5
New sidewalks (linear feet)	5,180	0	0	350
Water				
New connections	192	322	485	622
Average daily consumption (<i>thousands of gallons</i>)	4,018	4,580	4,776	4,300
Peak daily consumption (<i>thousands of gallons</i>)	7,061	6,023	6,705	6,300
Water equivalent residential units (ERU)	21,430	21,611	21,234	14,018
Wastewater				
Average daily sewage treatment (<i>thousands of gallons</i>)	1,884	1,740	2,087	4,000
Sewer equivalent residential units (ERU)	15,688	15,569	15,185	12,310
Solid waste collection				
Solid waste collected (<i>tons per day</i>)	26.1	30.3	31.9	38.5
Recyclables collected (<i>tons per day</i>) <i>includes yardwaste</i>	10.3	12.4	13.1	10.9
Refuse equivalent residential units (ERU)	10,206	10,569	10,252	11,558
Punta Gorda Isles Canal Maintenance Assessment District				
Seawall replacement (feet)	4,248	4,786	8,440	2,354
Seawall cap replacement (feet)	4,676	6,155	967	5,080
Burnt Store Isles Canal Maintenance Assessment District				
Seawall replacement (feet)	474	410	154	362
Seawall cap replacement (feet)	421	2,624	1,342	1,354

Source: Various city departments monthly reports and ERU Total reports.

Information in this format was unavailable prior to 2005.

City of Punta Gorda, Florida
 Capital Assets Statistics by Function/Program
 Last Four Fiscal Years

<u>Function/Program</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Police				
Stations	1	1	1	1
Number of Police Officers Authorized	36	36	32	34
Fire				
Stations	3	3	3	3
Number of Firefighters Authorized	24	24	27	27
Streets and highways				
Streets (<i>miles</i>)	107	107	110	110
Unpaved streets (<i>miles</i>)	78	78	3	3
Streetlights	566	566	566	566
Traffic signal intersections	18	18	18	18
Water				
Water mains (<i>miles</i>)	235	235	226	217
Storage capacity (<i>thousands of gallons</i>)	7,500	7,500	7,500	7,500
Fire hydrants	979	979	1,000	930
Wastewater				
Sanitary sewers (<i>miles</i>)	129	129	132	127
Treatment capacity (<i>thousands</i>)	4,000	4,000	4,000	4,000
Solid waste collection				
Collection trucks	10	10	11	9
Parks and recreation				
Acreage	82 +/-	82 +/-	82+-	82+-
Number of Parks	15	15	15	15

Source: City of Punta Gorda Finance Department.

Note: No capital assets indicators are available for the general government function. Information in this format was unavailable prior to 2005.

Management Letter

Honorable Mayor and City Council
City of Punta Gorda, Florida

We have audited the basic financial statements of the City of Punta Gorda, Florida (the "City"), as of and for the fiscal year ended September 30, 2008, and have issued our report thereon dated March 10, 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. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated March 10, 2009, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

- 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 findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial audit.
- 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. We had the following recommendation:

CURRENT YEAR COMMENTS

Comment

During our review of the Community Redevelopment Agency of the City of Punta Gorda's *Property Management Agreement* for the management of the City's marina, we noted that the Manager did not comply with all the terms of the Agreement. However, the Manager did comply with the majority of the significant terms of the Agreement. The issues of non-compliance we noted during our review were not material to the City.

Recommendation

We recommend the City enforce all of the requirements of the *Property Management Agreement* with the Manager.

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statement amounts that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, and (2) 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 annual financial statements); (b) failures to properly record financial transactions; and (c) 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 City discloses this information 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.

- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, 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 management and City Council of the City of Punta Gorda, Florida and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than those specified parties.

Osley Brown & Co

March 10, 2009



City of **Punta Gorda**, Florida

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PUNTA GORDA, FLORIDA 33950
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(941) 575-3386 FACSIMILE
cityfinance@ci.punta-gorda.fl.us

March 13, 2009

Memo to : City Council
Memo through: Howard Kunik, City Manager
Memo from: Dave Drury, Director of Finance
Regarding: **Comments and recommendations from Auditors' regarding our Financial Statements**

AUDITORS' COMMENTS:

I. Prior year comments which continue to apply.

None.

II. Current year comments and recommendations

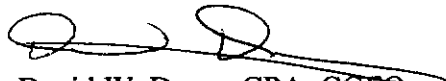
Comment

The Auditors' commented "During our review of the Community Redevelopment Agency of the City of Punta Gorda's Property Management Agreement for the management of the City's marina, we noted the Manager did not comply with all the terms of the Agreement. However, the Manager did comply with the majority of the significant terms of the Agreement, the issues of noncompliance we noted during our review were not material to the City".

Recommendation

We (the Auditors') recommend the City enforce all of the requirements of the Property Management Agreement.

I agree with the management letter comments from the auditing firm of Ashley Brown & Co., and will perform their recommended changes.


David W. Drury, CPA, CGFO
Director of Finance

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Honorable Mayor and City Council
City of Punta Gorda, Florida

We have audited the basic financial statements of the City of Punta Gorda, Florida, (the "City") as of and for the fiscal year ended September 30, 2008, and have issued our report thereon dated March 10, 2009. We conducted our audit in accordance 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 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 a combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

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

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

Compliance and Other Matters

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

This report is intended solely for the information and use of the management and City Council of the City of Punta Gorda, the Auditor General of the State of Florida, and other state and federal agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Allen Brown & Co.

March 10, 2009