

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
of the  
CITY OF LAKE MARY  
FLORIDA  
FISCAL YEAR ENDED  
September 30, 2004**



PREPARED BY THE  
FINANCE DEPARTMENT



**CITY OF LAKE MARY, FLORIDA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004**  
**TABLE OF CONTENTS**

Introductory Section

|                                  |   |
|----------------------------------|---|
| Letter of Transmittal .....      | 1 |
| Certificate of Achievement ..... | 5 |
| Organizational Chart .....       | 6 |
| Principal City Officials .....   | 7 |

Financial Section

|   |    |
|---|----|
| Report of the Independent Certified Public Accountants.....   | 11 |
| Management's Discussion and Analysis (MD&A) .....   | 13 |
| Basic Financial Statements:   |    |
| Government-wide Financial Statements:   |    |
| Statement of Net Assets .....   | 27 |
| Statement of Activities .....   | 28 |
| Fund Financial Statements:  |    |
| Balance Sheet – Governmental Funds .....  | 29 |
| Reconciliation of the Governmental Funds Balance Sheet<br>to the Statement of Net Assets .....  | 30 |
| Statement of Revenues, Expenditures and Changes in<br>Fund Balances – All Governmental Fund Types.....  | 31 |
| Reconciliation of the Statement of Revenues, Expenditures and<br>Changes in Fund Balances of Governmental Funds<br>To the Statement of Activities ..... | 32 |
| Statement of Revenues, Expenditures and Changes in<br>Fund Balance – Budget and Actual .....  | 33 |
| Statement of Net Assets – Proprietary Funds .....   | 34 |
| Statement of Revenues, Expenses and Changes in<br>Fund Net Assets – Proprietary Funds .....   | 37 |
| Statement of Cash Flows – Proprietary Fund .....  | 38 |
| Statement of Fiduciary Net Assets – Fiduciary Funds.....  | 40 |
| Statement of Changes in Fiduciary Net Assets – Fiduciary Funds.....   | 41 |
| Notes to the Financial Statements .....   | 45 |
| Combining and Individual Fund Statements and Schedules  |    |
| Nonmajor Governmental Funds:  |    |
| Combining Balance Sheet – Nonmajor Governmental Funds.....  | 68 |
| Combining Statement of Revenues, Expenditures and Changes in<br>Fund Balances – Nonmajor Governmental Funds.....  | 70 |
| Schedules of Revenues, Expenditures and Changes in<br>Fund Balances – Budget and Actual   |    |
| Police Education Fund .....   | 72 |
| Police Impact Fees.....   | 73 |
| Fire Impact Fees .....  | 74 |
| Public Works Impact Fees.....   | 75 |
| Recreation Impact Fees .....  | 76 |
| Law Enforcement Trust .....   | 77 |
| Street Lighting District .....  | 78 |

|   |    |
|---|----|
| Fiduciary Funds   |    |
| Combining Statement of Fiduciary Net Assets.....            | 80 |
| Combining Statement of Changes in Fiduciary Net Assets..... | 81 |
| Capital Assets Used in the Operation of Governmental Funds: |    |
| Comparative Schedules by Source.....                        | 85 |
| Schedule by Function and Activity.....                      | 86 |
| Schedule of Changes by Function and Activity.....           | 87 |

Statistical Section

|  |     |
|--|-----|
| Government-wide Information  |     |
| Government-wide Expenses by Function.....  | 90  |
| Government-wide Revenues by Source.....  | 91  |
| Fund Information   |     |
| General Governmental Expenditures by Function.....   | 92  |
| General Governmental Revenues by Source.....   | 93  |
| Property Tax Levies and Collections.....   | 94  |
| Assessed and Estimated Actual Value of Taxable Property .....                              | 95  |
| Property Tax Rates and Tax Levied per \$1000 of Assessed Valuation .....                   | 96  |
| Schedule of Principal Taxpayers.....   | 97  |
| Computation of Direct and Overlapping General Obligation Debt.....                         | 98  |
| Revenue Bond Coverage – Water Revenue Bonds.....   | 99  |
| Demographic Statistics .....   | 100 |
| Property Values and Construction Permits .....   | 101 |
| Miscellaneous Statistical Data.....  | 102 |
| Historical Public Services Taxes, Half-Cent Sales Tax and<br>Electric Franchise Fees ..... | 103 |
| Historical Coverage of Maximum Annual Debt Service.....                                    | 104 |
| Schedule of Revenues by Source and Expense by Type<br>Police Officers Pension Fund.....    | 105 |
| Schedule of Revenues by Source and Expense by Type<br>Firefighters Pension Fund.....       | 106 |

Other Reports

|  |     |
|--|-----|
| Report on Compliance and on Internal Control over Financial Reporting<br>Based on an Audit of Financial Statements Performed in<br>Accordance with Government Auditing Standards ..... | 109 |
| Report on Compliance with Requirements Applicable to the Major Program and<br>Internal Control over Compliance in Accordance with OMB Circular A-133.....                              | 111 |
| Schedule of Expenditures of Federal Awards .....   | 113 |
| Notes to Schedule of Expenditures of Federal Awards.....   | 114 |
| Schedule of Findings and Questioned Costs – Federal Awards .....   | 115 |
| Management Letter .....  | 117 |



# City of Lake Mary

*Incorporated in 1973*

February 28, 2005

To the Honorable Mayor and City Commission  
And the Citizens of the City of Lake Mary, Florida:

It is with pleasure that we present to you the City of Lake Mary Florida Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2004. 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 City'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 generally accepted accounting principles (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 of 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 aspects.

McDermitt Davis & Company LLC, a firm of licensed certified public accountants, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the year ended September 30, 2004, 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 auditors 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, 2004, 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.

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.

## **Financial Statement Presentation**

With the September 30, 2002 financial statements, the City implemented Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments (GASB34)*. The format and purpose of these statements is discussed in Management's Discussion and Analysis. We believe this presentation provides better information to the users of the CAFR.

Pursuant to GASB Statement No. 34, an extended period of deferral (FY 2007) is available before the requirement to record and depreciate infrastructure assets (e.g., roads, bridges, sidewalks and similar

items) acquired before the implementation date becomes effective. The City currently intends an early implementation of this requirement. GASB Statement No. 34 requires the reporting and depreciation of new infrastructure expenditures effective with the beginning of the implementation year (October 1, 2001).

## **Profile of the City**

The City of Lake Mary, Florida, a municipality incorporated under Florida law in 1973, is located in Central Florida within the Orlando Metropolitan area and encompasses 9.7 square miles with an estimated population of 13,792. Land uses within the City consist primarily of single-family residential neighborhoods, retail business, light manufacturing and high-tech industries.

In accordance with the City Charter, the City Commission, consisting of a Mayor and four Commissioners elected at large, appoints a City Manager who is responsible for the day-to-day administration of City services including all traditional municipal functions such as police and fire protection; land use and building construction regulation; refuse collection; drainage and roadway system construction and maintenance; recreational facilities management to include programming and parks maintenance; all components of the water, wastewater and storm water utility systems and fleet maintenance.

The annual budget serves as the foundation for the City of Lake Mary's financial planning and control. Department directors are required to submit their budget requests to the City Manager, who then uses these requests as the starting point for developing a proposed budget. The City Manager is required by the City Charter to present the proposed budget to the City Commission prior to August 1. The City Commission is required to hold public hearings on the proposed budget and to adopt a final budget by September 30, prior to the close the City's fiscal year. The appropriated budget is prepared by fund and program. The City Manager may make transfers between programs within the same fund. Any other budget transfers or amendments must be adopted by a budget resolution of the City Commission. 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, this comparison is presented on page 33 as part of the basic financial statements for the governmental funds. For other governmental funds with appropriated budgets, this comparison is presented in the governmental fund subsection of this report, on pages 72-78.

## **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 of Lake Mary operates.

**Local Economy.** The financial statements are a realistic barometer of the City and its continued quality growth pattern over the past decade. However, we cannot rest solely on our past achievements as we inch closer and closer to build out. We must be proactive in our attempts to attract businesses that have the wherewithal to survive when there are fluctuations in the economy. To that end, the City of Lake Mary has been aggressive in providing some limited economic incentives in conjunction with both the State and County to attract and/or retain such operations. One example is Priority Health Care, a national specialty pharmacy and distributor that provides biopharmaceuticals, therapies, and related treatment programs and services to people with chronic diseases. With revenues of \$1.4 billion in 2003 and ranked as one of the "200 Best Small Companies" by Forbes Magazines, their growth forced them to consider relocation options. However, when all was said and done, not only did they not leave Lake Mary but made a capital investment of more than \$3 million, added approximately 55,000 square feet and will bring 450-plus jobs with an average wage of \$50,322 over the next five years. The maximum cost to the City will be \$182,400 spread out over a nine-year period.

The City of Lake Mary continued with its aggressive capital building and renovation plan completing City Hall and Central Park in June, 2004, at a cost of \$3,241,911. This beautiful facility is the cornerstone to our downtown and with the help of a \$99,410 federal grant will feature a state-of-the-art

35-foot clock tower to be added in 2005. Construction on the new 38,000 square foot Municipal Services Complex is also nearing completion which will house Community Development, Building and Life Safety, Fire Administration, Public Works, an adult activities center and most importantly a state-of-the-art-fire station which not only accommodates today's needs but those for the next 20 years. Also, the City awarded a design/build contract for a new \$1.3 million fire substation to be built next to the existing police station which will insure that all Lake Mary residents will receive "first in" response from their own city as opposed to other departments.

### **Long-term financial Planning**

The City of Lake Mary currently has no debt in its Water and Sewer Fund. However, the City Commission is focused on retrofitting sanitary sewer in many of the subdivisions built with septic systems prior to 1995. One such project is currently under design and is estimated to cost more than \$2 million. While existing plans call for residents to be assessed a yet to be determined portion of the costs including impact fees and connection charges, there will still be a significant impact on the cash reserves.

The City continues to be impacted by increased costs in those areas related to simply maintaining our current commitments. Examples include all perils of insurances, salaries, etc. Lake Mary is committed to compensating its employees a fair wage and benefit package for both retention and recruiting purposes, which is documented by an extremely low turnover rate in all departments.

With the addition of the new fire substation comes the need to add both equipment and personnel to provide those services. A new fire pumper and rescue unit are budgeted costing some \$658,000. Also, the City will be adding some eighteen additional positions in the Fire Department to operate the station. With the exception of three battalion chiefs, the remaining positions will operate the station in shifts of five on a rotating schedule of twenty-four hours on and forty-eight hours off which is traditional in the fire service. The addition of these firefighters/paramedics/EMT'S will certainly have a significant impact on the General Fund as we move forward toward build out.

**Cash management policies and practices.** The City administers a cash management and investment program that seeks to maximize the amount of cash available to meet daily cash requirements and to obtain the highest possible yields consistent with restraints imposed by Florida Statutes.

To ensure the most competitive rates on investments, the cash resources of the individual funds are combined to form a pool of cash and investments. For the cash and investment pool, the average monthly investment portfolio was \$31,265,000 in 2004. Cash temporarily idle during the year was invested in the State Board of Administration Investment Pool, money market funds, and obligations of the U.S. government. The average yield on investments was 2.83 percent. The City's investment performance compares to an average rate of 1.29 percent for the State Board of Administration Investment Pool for the same period. The City earned interest revenue of \$594,665 on all of its investments for the year ended September 30, 2004.

**Risk management.** During the ordinary course of its operations, the City is exposed to various risks of losses. The City maintains commercial insurance coverage in amounts management feels is adequate to protect and safeguard the assets of the City. In the opinion of the City's management and legal counsel, legal claims and litigation are not anticipated to have a material impact on the financial position of the City.

**Pension and other postemployment benefits.** The City of Lake Mary maintains three pension trust funds to account for the assets of the Police Officers Pension Plan, the Firefighters Pension Plan, and the General Employees Pension Plan.

The Police Officers Pension Plan and Firefighters Pension Plan, which are local law pension plans established pursuant to Chapters 175 and 185, of the Florida Statutes are defined benefit plans. Every year an independent actuary is engaged by the plans to calculate the amount of the annual contribution

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 plan as determined by the actuary. In addition to the City's contribution, employees make a 5% contribution of gross salary as well as the State contributes funds collected from insurance premium excise taxes.

The General Employees Pension Plan is a 401a defined contribution plan to which the City contributes 6% of each employees salary. The general plan is administered by ICMA Retirement Corporation RC.

The City of Lake Mary does not provide any postretirement health or dental benefits for retirees or their dependents. Additional information on the City's pension arrangements can be found in Note 12 in the notes to the financial statements.

### **Awards and Acknowledgements**

For the twelfth consecutive year, 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 Lake Mary for its Comprehensive Annual Financial Report for the year ended September 30, 2003. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Preparation of this Comprehensive Annual Financial Report on a timely basis is made possible through the efficient dedicated and professional efforts of the Finance Department staff. The significant amount of year-end closing procedures required prior to the audit would not have been accomplished without much hard work and personal sacrifice.

Other City Departments, although not extensively involved in year-end audit activities, contributed significantly by ensuring the accuracy and integrity of accounting information compiled throughout the year. Without their diligence, the work of the Finance Department would have been considerably more difficult. Appreciation must also be expressed to the City's auditors whose suggestions and attention to detail enhanced the quality of this report.

In closing, special thanks go to the Mayor and Commission for their unyielding support and steadfast commitment to maintaining the financial integrity of the City. With their leadership, the City indeed has a secure financial future without compromising a total quality of life second to no other community.

Respectfully submitted,

*John C. Litton*

John C. Litton  
City Manager

*Jacqueline B. Sova*

Jacqueline B. Sova  
Assistant City Manager/Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lake Mary,  
Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2003

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.



*Nancy L. Zjelke*

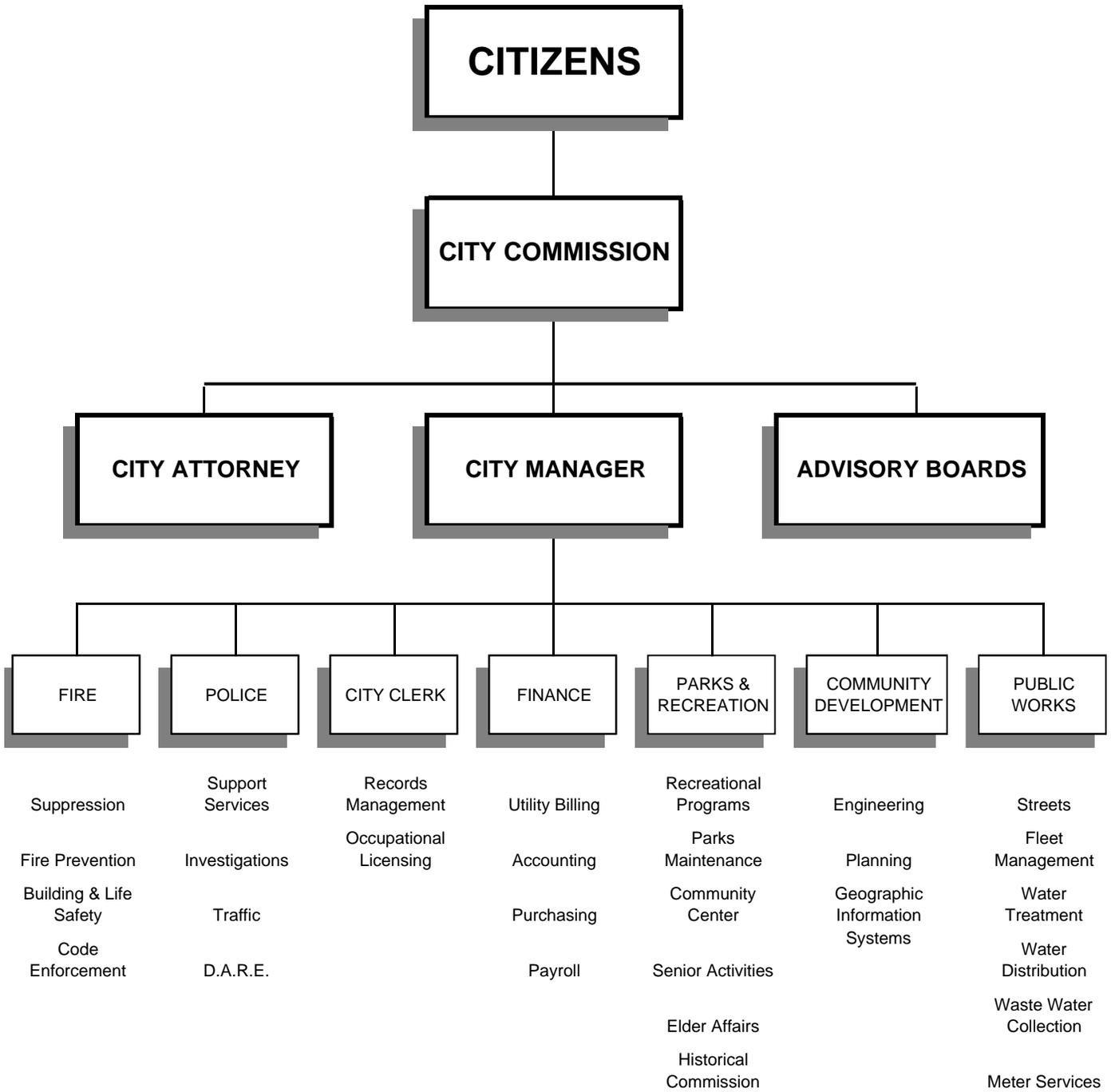
President

*Jeffrey R. Emer*

Executive Director

# CITY OF LAKE MARY, FLORIDA

## ORGANIZATIONAL CHART



**CITY OF LAKE MAY, FLORIDA**

**PRINCIPAL CITY OFFICIALS**

**SEPTEMBER 30, 2004**

**CITY COMMISSION**

Thomas C. Greene, Mayor

Michael J. McLean, Deputy Mayor

George F. Duryea

Janet M. Jernigan

Gary L. Brender

**ADMINISTRATION**

**CITY MANAGER**

**FINANCE DIRECTOR**

John C. Litton

Jacqueline B. Sova

**CITY ATTORNEY**

**CITY CLERK**

Catherine Reischmann

Carol A. Foster

**FINANCE MANAGER**

**COMMUNITY DEVELOPMENT DIRECTOR**

Jean K. McCarthy

Juan A. Omana, Jr.

**PUBLIC WORKS DIRECTOR**

**PARKS & RECREATION DIRECTOR**

Bruce Paster

William C. Carrico

**POLICE CHIEF**

**FIRE CHIEF**

Richard M. Beary

Craig E. Haun



*This page intentionally left blank.*

# **FINANCIAL SECTION**

Report of Independent Certified Public Accountants  
Management's Discussion and Analysis  
Basic Financial Statements  
Combining and Individual Fund Statements and Schedules  
Capital Assets used in the Operation of Governmental Funds



*This page intentionally left blank.*

**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and City Commission  
City of Lake Mary, Florida  
Lake Mary, 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 Lake Mary, Florida*, as of and for the year ended September 30, 2004, 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 financial statements based on our audit.

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

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the *City of Lake Mary, Florida*, as of September 30, 2004, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 28, 2005 on our consideration of the *City of Lake Mary, Florida's* internal control over financial reporting and 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.

605 E ROBINSON STREET, SUITE 635  
ORLANDO, FLORIDA 32801  
TELEPHONE: 407-843-5406  
FAX: 407-649-9339  
Email: [info@mcdirmitdavis.com](mailto:info@mcdirmitdavis.com)

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lake Mary, Florida, basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Lake Mary, Florida. The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*McDiarmid Davis & Company, LLC*

January 28, 2005

**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2004**

As management of The City of Lake Mary (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2004. We encourage readers to consider this information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-4 of this report.

**Financial Highlights**

- The assets of the City of Lake Mary exceeded its liabilities at September 30, 2004 by \$55,476,691 (net assets). Of this amount, \$20,709,225 (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 \$4,516,947 (or 8.8%). The governmental net assets increased by \$2,735,744 (or 10.3%) and the business-type activities increased by \$1,781,173 (or 7.3%).
- As of the close of the current fiscal year, the City of Lake Mary's governmental funds reported combined ending fund balances of \$15,831,640, a decrease of \$2,416,494 in comparison with the prior year. Approximately 50.6% of this amount, or \$8,010,258, is available for spending at the City's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$6,859,450, or 41.9% of total expenditures and transfers out.
- Governmental funds revenues increased \$1,073,040 or 7.4% over the prior fiscal year.

**Overview of the Financial Statements**

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

**Government-wide financial statements**

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, streets, and parks and recreation. The business-type activities of the City consist of the water, sewer, and stormwater systems.

**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2004**

The government-wide financial statements include only the City of Lake Mary (known as the primary government). There are no component units.

The government-wide financial statements can be found on pages 27-28 of this report.

**Fund financial statements**

A fund is a grouping of related accounts that is used to maintain control over the 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, proprietary, and fiduciary. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains thirteen individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the General Capital Projects Fund, Fire Station Fund, and the Building Construction Fund all of which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in this report, immediately following the notes to the financial statements.

The City adopts an annual appropriated budget for its General Fund, and the Special Revenue Funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with the budget.

The basic governmental fund financial statements may be found immediately following the government-wide financial statements. The budgetary comparison schedule for the General Fund can be found following the basic governmental fund financial statements.

**Proprietary funds.** The City maintains two proprietary fund types. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer, and stormwater systems. Internal service funds are an accounting device used to accumulate and allocate costs internally among a government's various functions. The City utilizes an internal service fund for its fleet operations. Because services accounted for in the internal service fund predominately benefit governmental rather than business-type functions, it has been included within the governmental activities in the government-wide financial statements.

The proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund (which is considered to be a major fund of the City) and the Stormwater Fund. The internal service fund is presented separately in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 34-39 of this report.

**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2004**

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the City. 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 much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 40-41 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found after the fiduciary fund financial statements.

**Other Information.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplemental information section of this report. Combining and individual non-major governmental fund schedules can be found following the notes to the financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Assets of the City exceeded liabilities by \$55,476,691 at the close of fiscal year ended September 30, 2004. At the end of fiscal year 2004, the City was able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business type activities.

Statement of Net Assets  
As of September 30,

|  | Governmental Activities |                     | Business-type Activities |                     | Total               |                      |
|--|-------------------------|---------------------|--------------------------|---------------------|---------------------|----------------------|
|  | 2004                    | 2003                | 2004                     | 2003                | 2004                | 2003                 |
| Current and other assets                                   | \$21,213,778            | \$20,227,886        | \$10,438,407             | \$ 9,690,667        | \$31,652,185        | \$ 29,918,553        |
| Restricted assets  | 310,053                 | -                   | 1,343,449                | 1,227,799           | 1,653,502           | 1,227,799            |
| Capital assets   | 20,074,676              | 18,099,444          | 14,983,549               | 14,044,102          | 35,058,225          | 32,143,546           |
| Total assets   | <u>41,598,507</u>       | <u>38,327,330</u>   | <u>26,765,405</u>        | <u>24,962,568</u>   | <u>68,363,912</u>   | <u>63,289,898</u>    |
| Current liabilities  | 2,402,558               | 2,167,975           | 278,300                  | 285,366             | 2,680,858           | 2,453,341            |
| Long term liabilities outstanding                          | 9,664,474               | 9,673,707           | 33,531                   | 24,501              | 9,698,005           | 9,698,208            |
| Other liabilities  | 310,053                 | -                   | 198,305                  | 178,605             | 508,358             | 178,605              |
| Total liabilities  | <u>12,377,085</u>       | <u>11,841,682</u>   | <u>510,136</u>           | <u>488,472</u>      | <u>12,887,221</u>   | <u>12,330,154</u>    |
| Net assets invested in capital assets, net of related debt | 10,960,420              | 8,060,995           | 14,983,549               | 14,044,102          | 25,943,969          | 22,105,097           |
| Net assets restricted for capital improvement              | 7,678,353               | 8,901,044           | 1,145,144                | 1,049,194           | 8,823,497           | 9,950,238            |
| Unrestricted net assets                                    | 10,582,649              | 9,523,609           | 10,126,576               | 9,380,800           | 20,709,225          | 18,904,409           |
| Total net assets   | <u>\$29,221,422</u>     | <u>\$26,485,648</u> | <u>\$26,255,269</u>      | <u>\$24,474,096</u> | <u>\$55,476,691</u> | <u>\$ 50,959,744</u> |

The largest portion of the City's net assets (46.8%) reflect its investment in capital assets (e.g., land, buildings, improvements, infrastructure, vehicles and equipment) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. This category represented 43.4% in the prior year. The increase is due primarily to the completion of a major project that includes \$3,241,911 for a major renovation of City Hall and the surrounding Central Park.

**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2004**

An additional portion of the City's net assets (15.9%) represents resources that are subject to external restrictions on how they may be used. Assets restricted for capital improvements include the Capital Projects Funds for a joint Fire Station and Municipal Complex facility and a sub-station for the Fire Department and various public improvement projects in progress.

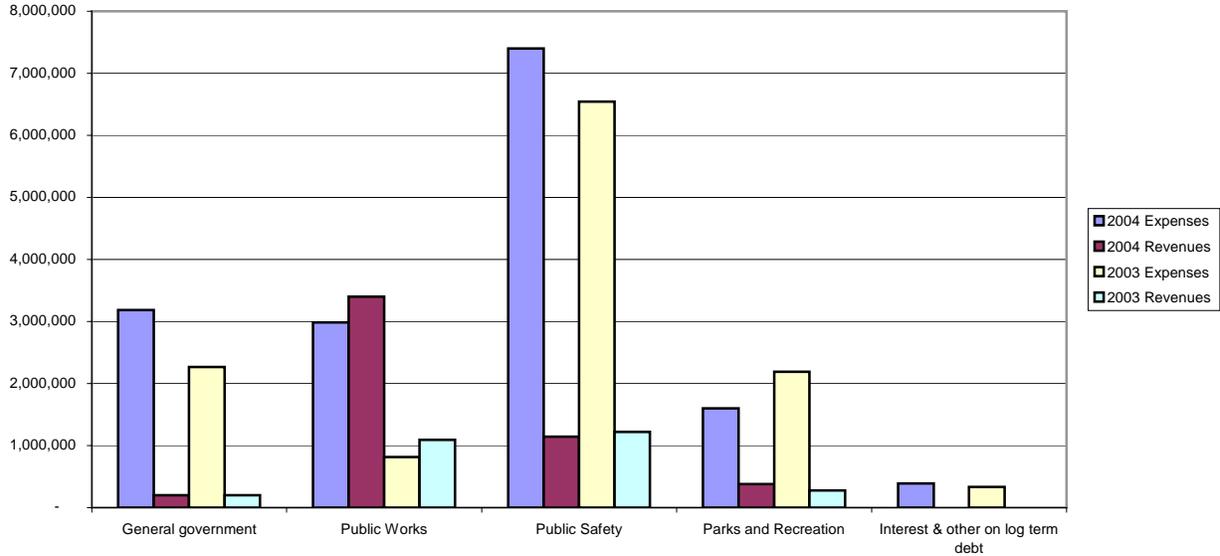
Unrestricted net assets in the governmental activities column increased by \$1,059,040, due mainly to prudent budgeting practices and fund balance criteria which enabled the City of Lake Mary to self fund hurricane cleanup efforts, as well as finance the renovation of City Hall.

Changes In Net Assets  
As of September 30,

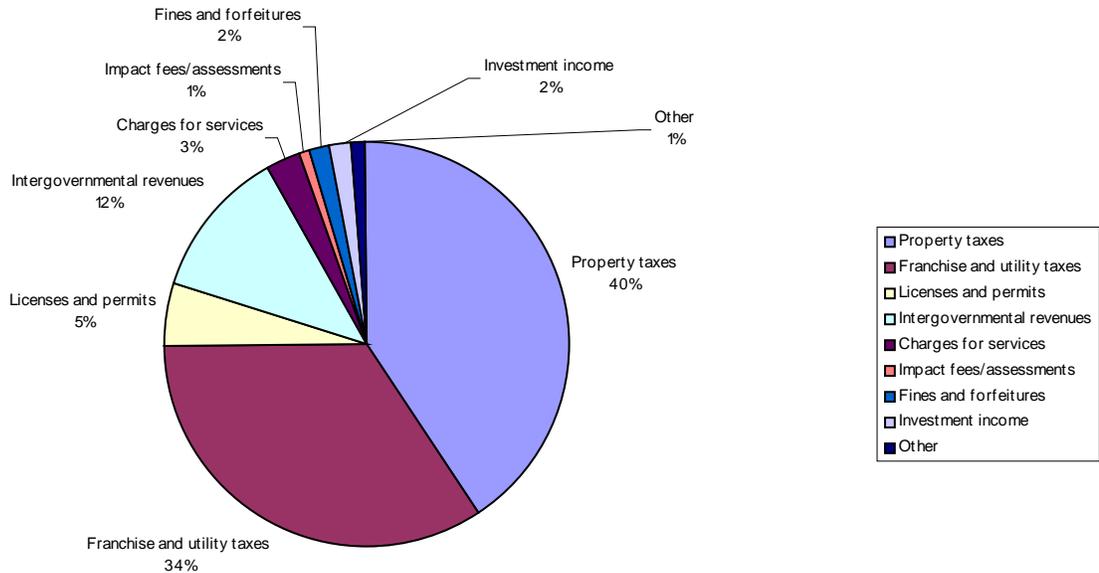
|  | Governmental Activities |                      | Business-type Activities |                      | Total                |                      |
|--|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
|  | 2004                    | 2003                 | 2004                     | 2003                 | 2004                 | 2003                 |
| Revenues:  |                         |                      |                          |                      |                      |                      |
| Program revenues:                                  |                         |                      |                          |                      |                      |                      |
| Charges for services                               | \$ 1,575,002            | \$ 1,602,279         | \$ 3,715,718             | \$ 3,519,626         | \$ 5,290,720         | \$ 5,121,905         |
| Operating grants and contributions                 | 2,771,825               | 664,810              | -                        | -                    | 2,771,825            | 664,810              |
| Capital grants and contributions                   | 807,583                 | 523,944              | 1,250,488                | 417,437              | 2,058,071            | 941,381              |
| General revenues:                                  |                         |                      |                          |                      |                      |                      |
| Property taxes                                     | 6,055,948               | 5,038,191            | -                        | -                    | 6,055,948            | 5,038,191            |
| Other taxes  | 5,039,940               | 4,706,823            | -                        | -                    | 5,039,940            | 4,706,823            |
| Other revenues                                     | 1,423,885               | 1,375,609            | 157,474                  | 194,941              | 1,581,359            | 1,570,550            |
| Total revenues                                     | <u>17,674,183</u>       | <u>13,911,656</u>    | <u>5,123,680</u>         | <u>4,132,004</u>     | <u>22,797,863</u>    | <u>18,043,660</u>    |
| Expenses:  |                         |                      |                          |                      |                      |                      |
| General government                                 | 3,186,933               | 2,266,186            | -                        | -                    | 3,186,933            | 2,266,186            |
| Public works                                       | 2,986,789               | 815,752              | -                        | -                    | 2,986,789            | 815,752              |
| Public safety                                      | 7,402,025               | 6,545,875            | -                        | -                    | 7,402,025            | 6,545,875            |
| Parks and recreation                               | 1,598,395               | 2,189,757            | -                        | -                    | 1,598,395            | 2,189,757            |
| Interest and other on long term debt               | 389,267                 | 332,172              | -                        | -                    | 389,267              | 332,172              |
| Water and sewer                                    | -                       | -                    | 2,478,702                | 2,113,585            | 2,478,702            | 2,113,585            |
| Stormwater   | -                       | -                    | 238,805                  | 160,571              | 238,805              | 160,571              |
| Total expenses                                     | <u>15,563,409</u>       | <u>12,149,742</u>    | <u>2,717,507</u>         | <u>2,274,156</u>     | <u>18,280,916</u>    | <u>14,423,898</u>    |
| Increase (decrease) in net assets before transfers | <u>2,110,774</u>        | <u>1,761,914</u>     | <u>2,406,173</u>         | <u>1,857,848</u>     | <u>4,516,947</u>     | <u>3,619,762</u>     |
| Transfers  | <u>625,000</u>          | <u>550,000</u>       | <u>(625,000)</u>         | <u>(550,000)</u>     | <u>-</u>             | <u>-</u>             |
| Increase (decrease) in net assets                  | <u>2,735,774</u>        | <u>2,311,914</u>     | <u>1,781,173</u>         | <u>1,307,848</u>     | <u>4,516,947</u>     | <u>3,619,762</u>     |
| Net assets - October 1                             | <u>26,485,648</u>       | <u>24,173,734</u>    | <u>24,474,096</u>        | <u>23,166,248</u>    | <u>50,959,744</u>    | <u>47,339,982</u>    |
| Net assets - September 30                          | <u>\$ 29,221,422</u>    | <u>\$ 26,485,648</u> | <u>\$ 26,255,269</u>     | <u>\$ 24,474,096</u> | <u>\$ 55,476,691</u> | <u>\$ 50,959,744</u> |

**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2004**

**Governmental Program Expenses vs. Program Revenues**



**Governmental Revenues by Source**

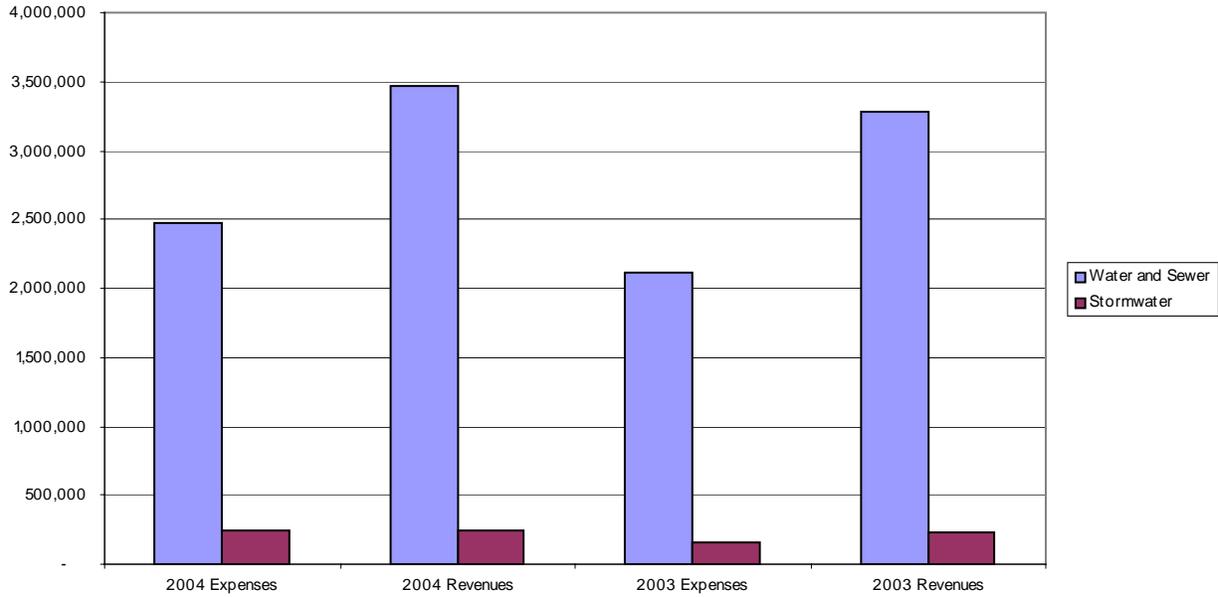


**Business-type activities**

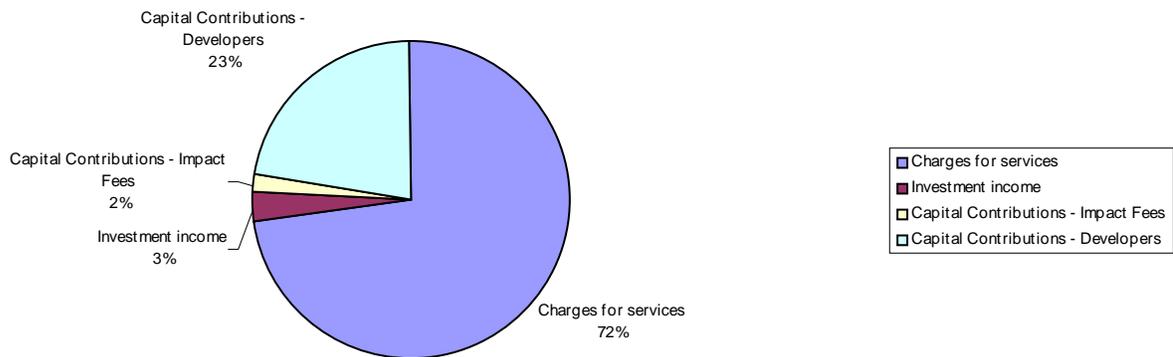
Business-type activities increased the City's net assets by \$1,781,173, accounting for 39.9 percent of the total growth in the City's net assets. Key elements of this increase included capital contributions of \$1,250,488.

**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2004**

**Business-type Program Expenses vs. Program Revenues**



**Business-type activities - Revenues by Source**



**Financial Analysis of the City's Funds**

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

**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2004**

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

As of September 30, 2004, the City's governmental funds reported combined ending fund balances of \$15,831,640, a decrease of \$2,416,494 in comparison with the prior year. Some of the most significant reasons for the decrease are the transfers to the Capital Projects funds for building construction and the significant clean-up costs related to the hurricanes which impacted our area during August and September 2004. Approximately 51 percent of fund balance, or \$8,010,257 constitutes unreserved fund balance, which is available for spending at the City's discretion. The remainder of fund balance, \$7,821,383 is reserved to indicate that it is not available for new spending because it has already been committed for debt service payments, capital projects, inventories and prepaid items.

The General Fund is the chief operating fund of the City. At September 30, 2004, the unreserved fund balance of the General Fund was \$6,859,450 while the total fund balance was \$6,864,411. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 52.95 percent of total General Fund expenditures, while total fund balance represents 52.99 percent of that same amount.

The fund balance of the City's General Fund decreased by \$1,186,419 during the current fiscal year, due to the net effect of a transfer of \$1,725,000 to the Building Construction Funds for the City Hall and Fire Station projects as well as anticipated increases in revenues in ad valorem, utility taxes and franchise fees.

**Changes in Governmental Fund Balance  
For the Year Ended September 30,**

|  | 2004                 | 2003                 |
|--|----------------------|----------------------|
| <b>REVENUES</b>  |                      |                      |
| Taxes  | \$ 11,128,528        | \$ 9,745,014         |
| Licenses and permits                                       | 734,973              | 669,431              |
| Intergovernmental revenues                                 | 1,823,260            | 2,114,774            |
| Charges for services/fines                                 | 677,696              | 723,388              |
| Impact fees/assessments                                    | 119,722              | 198,780              |
| Investment and other income                                | 419,206              | 453,708              |
| Total revenues   | <u>14,903,385</u>    | <u>13,905,095</u>    |
| <b>EXPENDITURES</b>  |                      |                      |
| General government   | 5,242,215            | 2,558,459            |
| Public works   | 2,992,373            | 1,382,635            |
| Public safety  | 6,855,123            | 6,470,556            |
| Parks and recreation                                       | 1,573,870            | 1,386,771            |
| Debt service   | 1,258,798            | 816,498              |
| Total expenditures   | <u>17,922,379</u>    | <u>12,614,919</u>    |
| Excess(deficiency) of revenues<br>over(under) expenditures | <u>(3,018,994)</u>   | <u>1,290,176</u>     |
| <b>OTHER FINANCING SOURCES (USES)</b>                      |                      |                      |
| Transfers in   | 4,118,555            | 5,892,800            |
| Transfers out  | (3,516,055)          | (5,365,300)          |
| Net Bonds issued   | -                    | 4,000,000            |
| Total other financing source (use)                         | <u>602,500</u>       | <u>4,527,500</u>     |
| Net change in fund balances                                | <u>(2,416,494)</u>   | <u>5,817,676</u>     |
| Fund balances - beginning                                  | <u>18,248,134</u>    | <u>12,430,458</u>    |
| Fund balances - end  | <u>\$ 15,831,640</u> | <u>\$ 18,248,134</u> |

**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2004**

**Proprietary Funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water and Sewer Fund at September 30, 2004, amounted to \$9,360,315. Unrestricted net assets of the Stormwater Utility Fund at September 30, 2004, were \$766,261. Net Assets restricted for capital improvement in the Water and Sewer Fund at September 30, 2004, were \$1,145,144.

**General Fund Budgetary Highlights**

Final amended appropriations for the General Fund were \$13,860,762, actual expenditures (budgetary basis) were \$12,953,738. The General Fund budget was increased by \$2,301,567 from the original budget, an increase of 20%. These increases can be summarized by the following:

- \$2,500,000 increase to Public Works to account for the estimated cost of the hurricane cleanup
- \$30,000 increase to Public Works Administration as salary adjustment for final payout of Director retirement
- \$33,300 increase in legal services required for School Board litigation
- \$9,300 increase in wages and other personnel costs for administration
- (\$102,600) decrease allocated to general government administration
- (\$30,000) decrease allocated to Community Development
- (\$40,000) decrease allocated to Public Safety – Police
- (\$40,000) decrease allocated to Public Safety – Fire
- (\$60,000) decrease allocated to Public Safety – Building and Life Safety
- \$1,567 additional donations to the D.A.R.E. program.

Actual expenditures were less than amended appropriations by \$907,024. This variance was larger than anticipated due to the need to proceed with a final budget amendment while the hurricane recovery process and the related costs were ongoing.

It is the City's ongoing philosophy to estimate revenues conservatively and to accumulate the General Fund balance in order to pay for capital expansion projects as are provided in the 5 year plan. Not only has this served very well in order to fund five major building projects in five years but provided the cash reserves to enable the cleanup effort during the hurricanes to proceed without financial creating difficulties.

Transfers to other funds were:

- \$1,725,000 to the Building Construction Fund
- \$391,615 to the Capital Projects Fund, and
- \$1,298,690 to Debt Service Funds.

**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2004**

**Capital Asset and Debt Administration**

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of September 30, 2004, amounts to \$35,058,225 (net of accumulated depreciation). This investment in capital assets included land, buildings, improvements, water and sewer system, stormwater system, and vehicles and equipment. The total increase in the City's investment in capital assets for the current fiscal year was \$2,914,679 (a 10.9% increase for governmental activities and a 6.7% increase for business-type activities).

Pursuant to Governmental Accounting Standards Board Statement Number 34, *Basic Financial Statements – and Management's Discussion and Analysis - for State and Local Governments* (GASB 34), an extended period of deferral (FY 2007) is available before the requirement to record and depreciate infrastructure assets (e.g. roads, bridges, sidewalks and similar items) acquired before the implementation date becomes effective. The City currently intends an early implementation of this requirement. GASB Statement No. 34 requires the reporting and depreciation of new infrastructure expenditures effective with the beginning of the implementation year (October 1, 2001).

Major capital asset events during the current fiscal year included the following:

Completion of the renovation of City Hall and Central Park for \$3,241,911

Stormwater system additions contributed by developers for Reserve at Lake Mary, and The Preserve at Soldiers Creek of \$549,759

Water and Sewer additions contributed by developers for Tuscany, Reserve at Lake Mary, and The Preserve at Soldiers Creek of \$604,779

Phase V of the Cold Mix Paving Program \$165,990

Landscaping improvements and rest station additions along the Rinehart Road Trail \$237,192

Skid steer loader and 2 solar message boards \$67,447

Replacement vehicles \$319,272

Capital Assets (net of depreciation)  
As of September 30,

|                                  | Governmental activities |                     | Business-type activities |                     | Total               |                     |
|----------------------------------|-------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
|                                  | 2004                    | 2003                | 2004                     | 2003                | 2004                | 2003                |
| Land                             | \$ 6,318,352            | \$ 6,318,352        | \$ 39,548                | \$ 39,548           | \$ 6,357,900        | \$ 6,357,900        |
| Buildings                        | 8,679,825               | 7,597,708           | 259,600                  | 271,400             | 8,939,425           | 7,869,108           |
| Improvements other than building | 1,942,797               | 1,483,458           | -                        | -                   | 1,942,797           | 1,483,458           |
| Water/sewer system               | -                       | -                   | 12,038,461               | 11,747,669          | 12,038,461          | 11,747,669          |
| Stormwater system                | -                       | -                   | 1,908,386                | 1,322,038           | 1,908,386           | 1,322,038           |
| Machinery and equipment          | 542,249                 | 460,915             | 32,664                   | 42,868              | 574,913             | 503,783             |
| Vehicles                         | 1,255,070               | 1,231,400           | -                        | -                   | 1,255,070           | 1,231,400           |
| Infrastructure                   | 678,563                 | -                   | -                        | -                   | 678,563             | -                   |
| Construction in progress         | 657,820                 | 1,007,611           | 704,890                  | 620,579             | 1,362,710           | 1,628,190           |
| Total                            | <u>\$20,074,676</u>     | <u>\$18,099,444</u> | <u>\$14,983,549</u>      | <u>\$14,044,102</u> | <u>\$35,058,225</u> | <u>\$32,143,546</u> |

Additional information on the City's capital assets can be found on pages 52-53 of the notes to the financial statements in this report.

**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2004**

**Long-term debt.** At the end of the current fiscal year, the City had total debt outstanding of \$9,114,256, which consists of bonds payable and capital leases payable. Business-type activities have no outstanding debt.

Long Term Debt  
As of September 30,

|                | Governmental activities |              |
|----------------|-------------------------|--------------|
|                | 2004                    | 2003         |
| PIRRB 2003     | \$ 6,560,000            | \$ 7,260,000 |
| PIRB 1996      | 2,520,000               | 2,695,000    |
| Capital Leases | 34,256                  | 83,449       |
| Total          | \$ 9,114,256            | \$10,038,449 |

There are no limitations placed on the amount of debt the City may issue either by the City's charter, code of ordinances or by the Florida State Statutes. The City's charter does require voter referendum for any lease purchase contracts or any other unfunded multi-year contracts for the purchase of real property or the construction of any capital improvement, the repayment of which extends beyond the end of any fiscal year. However, in the case of the water and sewer fund the City Commission may declare an emergency to issue debt in order to meet a public emergency affecting the safety, health and welfare of the citizens where the requirements cannot be met through the prudent use of existing reserves.

Additional information on the City's long-term liabilities can be found in Notes 7 and 8 in the notes to the financial statements.

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

The unemployment rate for the City at September 30, 2004 was 4.3%, a decrease of .2% from the prior year. The national unemployment rate for the same period was 5.4%.

The taxable value of real and personal property increased 7.9% and 7.7% in fiscal year 2004.

The City's elected and appointed officials considered many factors when adopting the fiscal year end 2005 budget. The emphasis of the budget is the expansion of the City's fire service. These increased services will include a replacement fire station as a part of the new Municipal Services Complex and a second fire station to be located on the police department site on the eastern side of the City. Operating the second fire station will include the purchase of a second rescue unit and a new fire pumper along with the hiring of 17 firefighter/paramedics during the year. These actions were implemented in order to better serve our citizens as well as increase the participation in the Seminole County First Response Agreement for fire services. To fund these increased services the City continued for the second year its millage rate at 3.9998 mills, the lowest municipal tax rate in Seminole County.

Hurricanes Charley, Frances, and Jeanne affected our city and much of Florida during August and September 2004. These three storms created a combined \$2.2 million in cleanup costs within the City. These costs are primarily related to the collection and disposal of vegetative debris. It is estimated that approximately ten times a normal years yard waste was generated by these storms. The City had no damage to its buildings or equipment, but did suffer minimal damage to one vehicle, downed trees in parks, and some roadway and sidewalk damage due to uprooted trees. With Hurricane Jeanne striking our city on September 26, 2004, nearly all of the costs incurred for storm cleanup for the third storm are attributable to the next fiscal year. The City in cooperation with representatives from FEMA, is proceeding with the application process for reimbursement of these hurricane related costs, which is expected to take no less than 10 months. The project worksheets required for reimbursement are extensive and require many staff hours and voluminous documentation prior to being accepted for submittal. Eligible cleanup and preventative measure

**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2004**

costs will be reimbursed at a 90% rate from FEMA and 5% by the Florida Department of Community Affairs. The City estimates that it will have over \$500,000 in unreimbursed costs related to the storms that will be absorbed primarily by the General Fund. These costs are primarily related to the hours worked by many employees whose efforts were focused on hurricane recovery activities for the community for many weeks after the storms stopped.

The City is currently undergoing the renewal of its Consumptive Use Permit from the St. Johns River Water Management District. At the present time revenues of the water, sewer and stormwater systems are sufficient to operate the systems without consideration of rate adjustments.

***Requests for Information***

This financial report is designed to provide a general overview of the City's finances for all of those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Finance Director, P.O. Box 958445, Lake Mary, Florida 32795.



*This page intentionally left blank.*

# **BASIC FINANCIAL STATEMENTS**



*This page intentionally left blank.*

**The City of Lake Mary, Florida**  
**Statement of Net Assets**  
**Year Ended September 30, 2004**

|  | Primary Government         |                             | Total                |
|--|----------------------------|-----------------------------|----------------------|
|  | Governmental<br>Activities | Business-type<br>Activities |                      |
| <b>ASSETS</b>  |                            |                             |                      |
| Cash and Cash Equivalents                                    | \$ 7,229,625               | \$ 5,381,857                | \$ 12,611,482        |
| Investments  | 11,042,760                 | 4,371,151                   | 15,413,911           |
| Interest receivable  | 55,356                     | 32,994                      | 88,350               |
| Accounts receivable (net of<br>allowance for uncollectibles) | 407,762                    | 269,266                     | 677,028              |
| Due from other governmental units                            | 2,421,292                  | -                           | 2,421,292            |
| Unbilled service charges                                     | -                          | 82,299                      | 82,299               |
| Special assessments - current                                | 3,330                      | 24,322                      | 27,652               |
| Inventories  | 34,545                     | 48,707                      | 83,252               |
| Prepaid items  | 1,028                      | 28,903                      | 29,931               |
| Bond Issuance Costs  | 18,080                     | -                           | 18,080               |
| Restricted assets:   |                            |                             |                      |
| Temporarily Restricted:                                      |                            |                             |                      |
| Cash and cash equivalents                                    | 310,053                    | 1,343,449                   | 1,653,502            |
| Special assessments noncurrent                               | -                          | 15,362                      | 15,362               |
| Unamortized sewer capacity                                   | -                          | 183,546                     | 183,546              |
| Capital assets not being depreciated:                        |                            |                             |                      |
| Land   | 6,318,352                  | 39,548                      | 6,357,900            |
| Construction in progress                                     | 657,820                    | 704,890                     | 1,362,710            |
| Capital assets net of accumulated depreciation:              |                            |                             |                      |
| Buildings  | 8,679,825                  | 259,600                     | 8,939,425            |
| Improvements other than buildings                            | 1,942,797                  | -                           | 1,942,797            |
| Water/sewer system   | -                          | 12,038,461                  | 12,038,461           |
| Stormwater system  | -                          | 1,908,386                   | 1,908,386            |
| Machinery and equipment                                      | 542,249                    | 32,664                      | 574,913              |
| Vehicles   | 1,255,070                  | -                           | 1,255,070            |
| Infrastructure   | 678,563                    | -                           | 678,563              |
| Total Assets   | <u>41,598,507</u>          | <u>26,765,405</u>           | <u>68,363,912</u>    |
| <b>LIABILITIES</b>   |                            |                             |                      |
| Accounts payable and other current liabilities               | 2,306,319                  | 274,097                     | 2,580,416            |
| Unearned revenue   | 96,239                     | -                           | 96,239               |
| Deferred Revenue   | -                          | 4,203                       | 4,203                |
| Noncurrent liabilities:                                      |                            |                             |                      |
| Liabilities payable from restricted assets                   | 310,053                    | 198,305                     | 508,358              |
| Due within one year  | 947,271                    | 2,683                       | 949,954              |
| Due in more than one year                                    | 8,717,203                  | 30,848                      | 8,748,051            |
| Total Liabilities  | <u>12,377,085</u>          | <u>510,136</u>              | <u>12,887,221</u>    |
| <b>NET ASSETS</b>  |                            |                             |                      |
| Invested in capital assets, net of related debt              | 10,960,420                 | 14,983,549                  | 25,943,969           |
| Restricted for capital improvement                           | 7,678,353                  | 1,145,144                   | 8,823,497            |
| Unrestricted   | 10,582,649                 | 10,126,576                  | 20,709,225           |
| Total net assets   | <u>\$ 29,221,422</u>       | <u>\$ 26,255,269</u>        | <u>\$ 55,476,691</u> |

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

**City of Lake Mary, Florida**  
**Statement of Activities**  
**For the Year Ended September 30, 2004**

| Functions/Programs                                   | Expenses             | Program Revenues        |  |  | Net (Expense) Revenue<br>Changes in Net Assets |                             |                      |
|--|----------------------|-------------------------|--|--|--|-----------------------------|----------------------|
|  |                      | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Primary Government                             |                             | Total                |
|  |                      |                         |  |  | Governmental<br>Activities                     | Business-type<br>Activities |                      |
| <b>Primary government:</b>                           |                      |                         |  |  |  |                             |                      |
| Government activities:                               |                      |                         |  |  |  |                             |                      |
| General government                                   | \$ 3,186,933         | \$ 233,691              | \$ -                                     | \$ -                                   | \$ (2,953,242)                                 | \$ -                        | (2,953,242)          |
| Public works   | 2,986,789            | 4,125                   | 2,659,534                                | 735,820                                | 412,690  | -                           | 412,690              |
| Public safety  | 7,402,025            | 1,127,611               | 16,666                                   | -                                      | (6,257,748)                                    | -                           | (6,257,748)          |
| Parks and recreation                                 | 1,598,395            | 209,575                 | 95,625                                   | 71,763                                 | (1,221,432)                                    | -                           | (1,221,432)          |
| Interest & other fiscal charges on<br>long-term debt | 389,267              | -                       | -  | -                                      | (389,267)                                      | -                           | (389,267)            |
| Total governmental activities                        | <u>15,563,409</u>    | <u>1,575,002</u>        | <u>2,771,825</u>                         | <u>807,583</u>                         | <u>(10,408,999)</u>                            | <u>-</u>                    | <u>(10,408,999)</u>  |
| Business-type activities:                            |                      |                         |  |  |  |                             |                      |
| Water and Sewer                                      | 2,478,702            | 3,473,449               | -  | 700,729                                | -  | 1,695,476                   | 1,695,476            |
| Stormwater   | 238,805              | 242,269                 | -  | 549,759                                | -  | 553,223                     | 553,223              |
| Total business-type activities                       | <u>2,717,507</u>     | <u>3,715,718</u>        | <u>-</u>                                 | <u>1,250,488</u>                       | <u>-</u>                                       | <u>2,248,699</u>            | <u>2,248,699</u>     |
| Total primary government                             | <u>\$ 18,280,916</u> | <u>\$ 5,290,720</u>     | <u>\$ 2,771,825</u>                      | <u>\$ 2,058,071</u>                    | <u>(10,408,999)</u>                            | <u>2,248,699</u>            | <u>(8,160,300)</u>   |
| General revenues:                                    |                      |                         |  |  |  |                             |                      |
| Property taxes                                       |                      |                         |  |  | 6,055,948                                      | -                           | 6,055,948            |
| Franchise & utility taxes                            |                      |                         |  |  | 5,039,940                                      | -                           | 5,039,940            |
| Intergovernmental revenues                           |                      |                         |  |  | 1,063,562                                      | -                           | 1,063,562            |
| Unrestricted investment earnings                     |                      |                         |  |  | 279,602  | 157,474                     | 437,076              |
| Miscellaneous revenues                               |                      |                         |  |  | 80,721   | -                           | 80,721               |
| Transfers  |                      |                         |  |  | 625,000  | (625,000)                   | -                    |
| Total general revenues and transfers                 |                      |                         |  |  | <u>13,144,773</u>                              | <u>(467,526)</u>            | <u>12,677,247</u>    |
| Change in net assets                                 |                      |                         |  |  | <u>2,735,774</u>                               | <u>1,781,173</u>            | <u>4,516,947</u>     |
| Net assets - beginning                               |                      |                         |  |  | <u>26,485,648</u>                              | <u>24,474,096</u>           | <u>50,959,744</u>    |
| Net assets - ending                                  |                      |                         |  |  | <u>\$ 29,221,422</u>                           | <u>\$ 26,255,269</u>        | <u>\$ 55,476,691</u> |

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

**City of Lake Mary, Florida**  
**Balance Sheet**  
**Governmental Funds**  
**As of September 30, 2004**

|   | Capital Projects     |                     |                     | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |                          |
|---|----------------------|---------------------|---------------------|--------------------------------|--------------------------------|--------------------------|
|   | General Fund         | General<br>Capital  | Fire Station        |                                |                                | Building<br>Construction |
| <b>ASSETS</b>                                     |                      |                     |                     |                                |                                |                          |
| Cash and Cash Equivalents                         | \$ 5,619,466         | \$ 869,021          | \$ 198,383          | \$ 45,372                      | \$ 367,945                     | \$ 7,100,187             |
| Investments                                       | 2,179,056            | 917,546             | 5,017,078           | 1,225,000                      | 939,011                        | 10,277,691               |
| Interest receivable                               | 43,777               | 5,393               | -                   | -                              | 3,493                          | 52,663                   |
| Receivables (net of allowance for uncollectibles) | 406,833              | -                   | -                   | -                              | 929                            | 407,762                  |
| Due from other funds                              | 650                  | -                   | -                   | -                              | -                              | 650                      |
| Due from other governments                        | 2,421,292            | -                   | -                   | -                              | -                              | 2,421,292                |
| Special assessments-current                       | 452                  | -                   | -                   | -                              | 2,878                          | 3,330                    |
| Inventories                                       | 3,933                | -                   | -                   | -                              | -                              | 3,933                    |
| Prepaid items                                     | 1,028                | -                   | -                   | -                              | -                              | 1,028                    |
| Restricted Assets                                 | 310,053              | -                   | -                   | -                              | -                              | 310,053                  |
| Total Assets                                      | <u>\$ 10,986,540</u> | <u>\$ 1,791,960</u> | <u>\$ 5,215,461</u> | <u>\$ 1,270,372</u>            | <u>\$ 1,314,256</u>            | <u>\$ 20,578,589</u>     |
| <b>LIABILITIES AND FUND BALANCES</b>              |                      |                     |                     |                                |                                |                          |
| Liabilities                                       |                      |                     |                     |                                |                                |                          |
| Accounts payable                                  | 1,208,139            | 2,899               | 3,936               | 446,027                        | 496                            | 1,661,497                |
| Accrued liabilities                               | 274,988              | -                   | -                   | -                              | -                              | 274,988                  |
| Retainage payable                                 | -                    | 19,064              | -                   | 118,204                        | -                              | 137,268                  |
| Due to other funds                                | -                    | 650                 | -                   | -                              | -                              | 650                      |
| Due to other governments                          | 74,152               | 8,660               | -                   | -                              | -                              | 82,812                   |
| Unearned revenue                                  | 71,355               | -                   | -                   | -                              | 24,884                         | 96,239                   |
| Deferred revenue                                  | 2,072,636            | -                   | -                   | -                              | -                              | 2,072,636                |
| Other liabilities                                 | 64,453               | -                   | -                   | -                              | -                              | 64,453                   |
| Compensated absences                              | 46,353               | -                   | -                   | -                              | -                              | 46,353                   |
| Liabilities payable from restricted assets        | 310,053              | -                   | -                   | -                              | -                              | 310,053                  |
| Total Liabilities                                 | <u>4,122,129</u>     | <u>31,273</u>       | <u>3,936</u>        | <u>564,231</u>                 | <u>25,380</u>                  | <u>4,746,949</u>         |
| <b>FUND BALANCES</b>                              |                      |                     |                     |                                |                                |                          |
| Reserved for:                                     |                      |                     |                     |                                |                                |                          |
| Inventories                                       | 3,933                | -                   | -                   | -                              | -                              | 3,933                    |
| Prepaid items                                     | 1,028                | -                   | -                   | -                              | -                              | 1,028                    |
| Debt service                                      | -                    | -                   | -                   | -                              | 138,069                        | 138,069                  |
| Capital projects                                  | -                    | 1,760,687           | 5,211,525           | 706,141                        | -                              | 7,678,353                |
| Unreserved reported in:                           |                      |                     |                     |                                |                                |                          |
| General fund                                      | 6,859,450            | -                   | -                   | -                              | -                              | 6,859,450                |
| Special revenue funds                             | -                    | -                   | -                   | -                              | 1,150,807                      | 1,150,807                |
| Total fund balances                               | <u>6,864,411</u>     | <u>1,760,687</u>    | <u>5,211,525</u>    | <u>706,141</u>                 | <u>1,288,876</u>               | <u>15,831,640</u>        |
| Total liabilities and fund balances               | <u>\$ 10,986,540</u> | <u>\$ 1,791,960</u> | <u>\$ 5,215,461</u> | <u>\$ 1,270,372</u>            | <u>\$ 1,314,256</u>            | <u>\$ 20,578,589</u>     |

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

**City of Lake Mary, Florida**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**To the Statement of Net Assets**  
**As of September 30, 2004**

---

|  |                |                             |
|--|----------------|-----------------------------|
| Total governmental funds fund balance  |                | \$ 15,831,640               |
| Amounts reported for governmental net assets in the statement of net assets (page 25) are different because:   |                |                             |
| Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds  |                | 18,819,606                  |
| Internal service funds are used by management to charge the cost of fleet management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. |                | 2,092,523                   |
| Prepaid costs of bond issuance should be recorded as an asset and amortized over the life of the issuance.   |                |                             |
| Total issuance cost  | \$ 22,600      |                             |
| Less: amortization over 10 years (yr 2)  | <u>(4,520)</u> | 18,080                      |
| The noncurrent portion of compensated absences is not due and payable in the current period and therefore, is not reported in the funds  |                | (533,063)                   |
| The long-term portion of bonds payable is not due and payable in the current period, and therefore, is not reported in the funds   |                | (8,200,000)                 |
| The current portion of bonds payable is not recorded as a liability in governmental funds balance sheet  |                | (880,000)                   |
| Deferred revenue from Federal Grants is considered a revenue under full accrual method and part of unrestricted Net Assets   |                | 2,072,636                   |
| Net assets of governmental activities  |                | <u><u>\$ 29,221,422</u></u> |

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

**City of Lake Mary, Florida**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**All Governmental Fund Types**  
**For the Year Ended September 30, 2004**

|   | General Fund        | Capital Projects    |                     |                       | Other Government Funds | Total Governmental Funds |
|---|---------------------|---------------------|---------------------|-----------------------|------------------------|--------------------------|
|   |                     | General Capital     | Fire Station        | Building Construction |                        |                          |
| <b>REVENUES</b>   |                     |                     |                     |                       |                        |                          |
| Taxes:  |                     |                     |                     |                       |                        |                          |
| Property  | \$ 6,055,948        | \$ -                | \$ -                | \$ -                  | \$ -                   | \$ 6,055,948             |
| Franchise and utility taxes                             | 5,072,580           | -                   | -                   | -                     | -                      | 5,072,580                |
| Licenses and permits                                    | 734,973             | -                   | -                   | -                     | -                      | 734,973                  |
| Intergovernmental revenues                              | 1,677,098           | 146,162             | -                   | -                     | -                      | 1,823,260                |
| Charges for services                                    | 432,443             | -                   | -                   | -                     | -                      | 432,443                  |
| Impact fees/assessments                                 | -                   | -                   | -                   | -                     | 119,722                | 119,722                  |
| Fines and forfeitures                                   | 220,314             | -                   | -                   | -                     | 24,939                 | 245,253                  |
| Investment income                                       | 223,468             | 26,541              | -                   | -                     | 16,713                 | 266,722                  |
| Other   | 62,550              | 89,934              | -                   | -                     | -                      | 152,484                  |
| Total revenues  | <u>14,479,374</u>   | <u>262,637</u>      | <u>-</u>            | <u>-</u>              | <u>161,374</u>         | <u>14,903,385</u>        |
| <b>EXPENDITURES</b>                                     |                     |                     |                     |                       |                        |                          |
| Current:  |                     |                     |                     |                       |                        |                          |
| General government                                      | 2,185,106           | 22,024              | -                   | 44,539                | -                      | 2,251,669                |
| Public works  | 2,705,607           | 187,729             | -                   | -                     | 64,847                 | 2,958,183                |
| Public safety   | 6,703,170           | 34,210              | -                   | -                     | 19,852                 | 6,757,232                |
| Parks and recreation                                    | 1,359,855           | 1,697               | -                   | -                     | 18,121                 | 1,379,673                |
| Debt service:   |                     |                     |                     |                       |                        |                          |
| Principal   | -                   | -                   | -                   | -                     | 875,000                | 875,000                  |
| Interest and other fiscal charges                       | -                   | -                   | -                   | -                     | 383,798                | 383,798                  |
| Capital outlay:   |                     |                     |                     |                       |                        |                          |
| General government                                      | -                   | -                   | -                   | 2,990,546             | -                      | 2,990,546                |
| Public works  | -                   | 34,190              | -                   | -                     | -                      | 34,190                   |
| Public safety   | -                   | -                   | 59,744              | 33,067                | 5,080                  | 97,891                   |
| Parks and recreation                                    | -                   | 194,197             | -                   | -                     | -                      | 194,197                  |
| Total expenditures                                      | <u>12,953,738</u>   | <u>474,047</u>      | <u>59,744</u>       | <u>3,068,152</u>      | <u>1,366,698</u>       | <u>17,922,379</u>        |
| Excess(deficiency) of revenues over(under) expenditures | <u>1,525,636</u>    | <u>(211,410)</u>    | <u>(59,744)</u>     | <u>(3,068,152)</u>    | <u>(1,205,324)</u>     | <u>(3,018,994)</u>       |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |                     |                     |                     |                       |                        |                          |
| Transfers in  | 703,250             | 391,615             | 1,150,000           | 575,000               | 1,298,690              | 4,118,555                |
| Transfers out   | (3,415,305)         | -                   | -                   | -                     | (100,750)              | (3,516,055)              |
| Total other financing source (use)                      | <u>(2,712,055)</u>  | <u>391,615</u>      | <u>1,150,000</u>    | <u>575,000</u>        | <u>1,197,940</u>       | <u>602,500</u>           |
| Net change in fund balances                             | (1,186,419)         | 180,205             | 1,090,256           | (2,493,152)           | (7,384)                | (2,416,494)              |
| Fund balances - beginning                               | 8,050,830           | 1,580,482           | 4,121,269           | 3,199,293             | 1,296,260              | 18,248,134               |
| Fund balances - end                                     | <u>\$ 6,864,411</u> | <u>\$ 1,760,687</u> | <u>\$ 5,211,525</u> | <u>\$ 706,141</u>     | <u>\$ 1,288,876</u>    | <u>\$ 15,831,640</u>     |

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

**City of Lake Mary, Florida**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**To the Statement of Activities**  
**For the Year Ended September 30, 2004**

---

Amounts reported for governmental activities in the Statement of Activities (page 26) are different because:

Net change in fund balances -- total governmental funds \$ (2,416,494)

Governmental funds report capital outlays as expenditures. In the statement of activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation during the current period

|                                |                    |           |
|--------------------------------|--------------------|-----------|
| Expenditure for capital assets | \$ 3,316,824       |           |
| Contributed capital assets     | 685,283            |           |
| Reclassification of assets     | (784,404)          |           |
| Current year depreciation      | <u>(1,266,141)</u> | 1,951,562 |

Repayment of bond principal is an expenditure in governmental funds, while repayment reduces long-term liabilities in the Statement of Activities. Issuance costs are an expenditure in governmental funds. In the Statement of Net Assets, issuance costs are amortized over the life of the issue.

|                                  |                |         |
|----------------------------------|----------------|---------|
| Principal Payments               | 875,000        |         |
| Issuance Costs allocated expense | <u>(2,260)</u> | 872,740 |

The Internal service fund is used by management to charge the costs of fleet management to individual funds. The net profit of the internal service fund is reported allocated to governmental activities. 244,546

Some revenues reported in the statement of activities were not available during current period. They are however reported as revenues under full accrual. 2,072,636

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. 10,784

Change in net assets of governmental activities (page 26) \$ 2,735,774

**City of Lake Mary, Florida  
General Fund**

**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Year Ended September 30, 2004**

|  | Budgeted Amounts |              | Actual<br>Amounts | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|------------------|--------------|-------------------|--|
|  | Original         | Final        |                   |  |
| <b>REVENUES</b>  |                  |              |                   |  |
| Taxes:   |                  |              |                   |  |
| Property   | \$ 5,850,164     | \$ 5,850,164 | \$ 6,055,948      | \$ 205,784   |
| Franchise and utility taxes                                    | 4,292,517        | 4,292,517    | 5,072,580         | 780,063  |
| Licenses and permits   | 458,325          | 458,325      | 734,973           | 276,648  |
| Intergovernmental revenues                                     | 1,535,160        | 1,535,160    | 1,677,098         | 141,938  |
| Charges for services   | 388,500          | 388,500      | 432,443           | 43,943   |
| Fines and forfeitures  | 218,620          | 218,620      | 220,314           | 1,694  |
| Investment income  | 116,555          | 116,555      | 223,468           | 106,913  |
| Other  | 37,740           | 36,567       | 62,550            | 25,983   |
| Total revenues   | 12,897,581       | 12,896,408   | 14,479,374        | 1,582,966  |
| <b>EXPENDITURES</b>  |                  |              |                   |  |
| Current:   |                  |              |                   |  |
| General government   | 2,339,942        | 2,249,942    | 2,185,106         | 64,836   |
| Public works   | 662,837          | 3,192,837    | 2,705,607         | 487,230  |
| Public safety  | 7,064,750        | 6,926,317    | 6,703,170         | 223,147  |
| Parks and recreation   | 1,491,666        | 1,491,666    | 1,359,855         | 131,811  |
| Total expenditures   | 11,559,195       | 13,860,762   | 12,953,738        | 907,024  |
| Excess (deficiencies) of revenues<br>over (under) expenditures | 1,338,386        | (964,354)    | 1,525,636         | 2,489,990  |
| <b>OTHER FINANCING SOURCES (USES)</b>                          |                  |              |                   |  |
| Transfers in   | 703,250          | 703,250      | 703,250           | -  |
| Transfers out  | (3,415,305)      | (3,415,305)  | (3,415,305)       | -  |
| Total other financing sources and uses                         | (2,712,055)      | (2,712,055)  | (2,712,055)       | -  |
| Net change in fund balances                                    | (1,373,669)      | (3,676,409)  | (1,186,419)       | 2,489,990  |
| Fund Balances at Beginning of Year                             | 8,050,830        | 8,050,830    | 8,050,830         | -  |
| Fund Balances at End of Year                                   | \$ 6,677,161     | \$ 4,374,421 | \$ 6,864,411      | \$ 2,489,990   |

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

**City of Lake Mary, Florida**  
**Statement of Net Assets**  
**Proprietary Funds**  
**As of September 30, 2004**

|   | <u>Business Type Activities - Enterprise Funds</u> |                                    |                      | Governmental<br>Activities -<br>Internal Service<br>Fund |
|---|--|------------------------------------|----------------------|--|
|   | <u>Water and<br/>Sewer Fund</u>                    | <u>Stormwater<br/>Utility Fund</u> | <u>Total</u>         |  |
| <b>ASSETS</b>   |  |                                    |                      |  |
| Current assets:   |  |                                    |                      |  |
| Cash and Cash Equivalents                                 | \$ 4,937,031                                       | \$ 444,826                         | \$ 5,381,857         | \$ 129,438   |
| Investments   | 4,105,055  | 266,096                            | 4,371,151            | 765,070  |
| Interest Receivable                                       | 30,854   | 2,140                              | 32,994               | 2,692  |
| Accounts receivable (net of allowance for uncollectibles) | 248,589  | 20,677                             | 269,266              | -  |
| Unbilled service charges                                  | 75,545   | 6,754                              | 82,299               | -  |
| Special Assessments - current                             | 963  | 23,359                             | 24,322               | -  |
| Inventories   | 48,707   | -                                  | 48,707               | 30,612   |
| Prepaid items   | 28,903   | -                                  | 28,903               | -  |
| Total current assets                                      | <u>9,475,647</u>                                   | <u>763,852</u>                     | <u>10,239,499</u>    | <u>927,812</u>   |
| Noncurrent assets:  |  |                                    |                      |  |
| Restricted cash, cash equivalents, and investments:       |  |                                    |                      |  |
| Customer Deposits   | 198,305  | -                                  | 198,305              | -  |
| Impact fee funds  | 1,145,144  | -                                  | 1,145,144            | -  |
| Total restricted assets                                   | <u>1,343,449</u>                                   | <u>-</u>                           | <u>1,343,449</u>     | <u>-</u>   |
| Special Assessments - noncurrent                          | <u>7,776</u>                                       | <u>7,586</u>                       | <u>15,362</u>        | <u>-</u>   |
| Unamortized sewer capacity                                | <u>183,546</u>                                     | <u>-</u>                           | <u>183,546</u>       | <u>-</u>   |
| Capital assets:   |  |                                    |                      |  |
| Land  | 39,548   | -                                  | 39,548               | -  |
| Buildings   | 472,000  | -                                  | 472,000              | -  |
| Water/sewer system  | 14,470,509   | -                                  | 14,470,509           | -  |
| Stormwater system   | -  | 2,586,730                          | 2,586,730            | -  |
| Machinery and equipment                                   | 188,758  | 14,975                             | 203,733              | -  |
| Vehicles  | -  | -                                  | -                    | 2,949,444  |
| Construction in progress                                  | 704,890  | -                                  | 704,890              | -  |
| Less accumulated depreciation                             | <u>(2,805,106)</u>                                 | <u>(688,755)</u>                   | <u>(3,493,861)</u>   | <u>(1,694,374)</u>                                       |
| Total capital assets (net of accumulated depreciation)    | <u>13,070,599</u>                                  | <u>1,912,950</u>                   | <u>14,983,549</u>    | <u>1,255,070</u>   |
| Total Assets  | <u>\$ 24,081,017</u>                               | <u>\$ 2,684,388</u>                | <u>\$ 26,765,405</u> | <u>\$ 2,182,882</u>                                      |

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

|   | Business Type Activities - Enterprise Funds |                            |                      | Governmental<br>Activities -<br>Internal Service<br>Fund |
|---|---|----------------------------|----------------------|--|
|   | Water and<br>Sewer Fund                     | Stormwater<br>Utility Fund | Total                |  |
| <b>LIABILITIES</b>                              |   |                            |                      |  |
| Current liabilities:                            |   |                            |                      |  |
| Accounts payable                                | \$ 248,657                                  | \$ 180                     | \$ 248,837           | \$ 32,448  |
| Accrued liabilities                             | 23,421                                      | 1,839                      | 25,260               | 6,500  |
| Deferred revenue                                | 4,203                                       | -                          | 4,203                | -  |
| Leases payable                                  | -   | -                          | -                    | 34,256   |
| Compensated absences                            | 2,430                                       | 253                        | 2,683                | 1,372  |
| Total current liabilities                       | <u>278,711</u>                              | <u>2,272</u>               | <u>280,983</u>       | <u>74,576</u>  |
| Noncurrent Liabilities:                         |   |                            |                      |  |
| Liabilities payable from restricted assets:     |   |                            |                      |  |
| Customer Deposits                               | 198,305                                     | -                          | 198,305              | -  |
| Compensated absences                            | 27,943                                      | 2,905                      | 30,848               | 15,783   |
| Total liabilities                               | <u>504,959</u>                              | <u>5,177</u>               | <u>510,136</u>       | <u>90,359</u>  |
| <b>NET ASSETS</b>                               |   |                            |                      |  |
| Invested in capital assets, net of related debt | 13,070,599                                  | 1,912,950                  | 14,983,549           | 1,220,814  |
| Restricted for capital improvement              | 1,145,144                                   | -                          | 1,145,144            | -  |
| Unrestricted                                    | 9,360,315                                   | 766,261                    | 10,126,576           | 871,709  |
| Total net assets                                | <u>\$ 23,576,058</u>                        | <u>\$ 2,679,211</u>        | <u>\$ 26,255,269</u> | <u>\$ 2,092,523</u>                                      |



*This page intentionally left blank.*

**City of Lake Mary, Florida**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended September 30, 2004**

|   | <u>Business Type Activities - Enterprise Funds</u> |                                    |                      | Governmental<br>Activities -<br>Internal Service<br>Fund |
|---|--|------------------------------------|----------------------|--|
|   | <u>Water and<br/>Sewer Fund</u>                    | <u>Stormwater<br/>Utility Fund</u> | <u>Totals</u>        |  |
| <b>Operating revenues:</b>                  |  |                                    |                      |  |
| Charges for sales and services:             |  |                                    |                      |  |
| Water sales                                 | \$ 2,139,066                                       | \$ -                               | \$ 2,139,066         | \$ -   |
| Sewer revenue                               | 1,186,410  | -                                  | 1,186,410            | -  |
| Stormwater fees                             | -  | 242,269                            | 242,269              | -  |
| Other service charges                       | 147,973  | -                                  | 147,973              | 682,698  |
| Total Operating revenues                    | <u>3,473,449</u>                                   | <u>242,269</u>                     | <u>3,715,718</u>     | <u>682,698</u>   |
| <br>Operating expenses                      |  |                                    |                      |  |
| Costs of operations                         | 1,981,660  | 108,596                            | 2,090,256            | 204,500  |
| Administration                              | 137,642  | -                                  | 137,642              | -  |
| Depreciation                                | 335,184  | 130,209                            | 465,393              | 363,050  |
| Amortization                                | 24,216   | -                                  | 24,216               | -  |
| Total operating expenses                    | <u>2,478,702</u>                                   | <u>238,805</u>                     | <u>2,717,507</u>     | <u>567,550</u>   |
| Operating income                            | <u>994,747</u>                                     | <u>3,464</u>                       | <u>998,211</u>       | <u>115,148</u>   |
| <br>Nonoperating revenues (expenses):       |  |                                    |                      |  |
| Investment income                           | 147,370  | 10,104                             | 157,474              | 12,878   |
| Interest expense                            | -  | -                                  | -                    | (3,209)  |
| Gain/(Loss) on sale of capital assets       | -  | -                                  | -                    | 29,782   |
| Total nonoperating revenue (expense)        | <u>147,370</u>                                     | <u>10,104</u>                      | <u>157,474</u>       | <u>39,451</u>  |
| Income before contributions and transfers   | <u>1,142,117</u>                                   | <u>13,568</u>                      | <u>1,155,685</u>     | <u>154,599</u>   |
| Capital contributions - impact fees         | 95,950   | -                                  | 95,950               | -  |
| Capital contributions - developers / others | 604,779  | 549,759                            | 1,154,538            | 67,447   |
| Transfers in                                | -  | -                                  | -                    | 22,500   |
| Transfers out                               | (625,000)  | -                                  | (625,000)            | -  |
| Change in net assets                        | <u>1,217,846</u>                                   | <u>563,327</u>                     | <u>1,781,173</u>     | <u>244,546</u>   |
| <br>Total net assets - beginning            | <u>22,358,212</u>                                  | <u>2,115,884</u>                   | <u>24,474,096</u>    | <u>1,847,977</u>   |
| Total net assets - ending                   | <u>\$ 23,576,058</u>                               | <u>\$ 2,679,211</u>                | <u>\$ 26,255,269</u> | <u>\$ 2,092,523</u>                                      |

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

**City of Lake Mary Florida  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended September 30, 2004**

|  | Business-type Activities - Enterprise Funds |                            |                     | Governmental<br>Activities -<br>Internal Service<br>Funds |
|--|---|----------------------------|---------------------|---|
|  | Water and<br>Sewer Fund                     | Stormwater<br>Utility Fund | Totals              |   |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |   |                            |                     |   |
| Receipts from customers and users  | \$ 3,372,605                                | \$ 251,665                 | \$ 3,624,270        | \$ -  |
| Other operating cash receipts  | 147,973                                     | -                          | 147,973             | -   |
| Receipts from interfund services provided  | -   | -                          | -                   | 684,498   |
| Payments to suppliers  | (1,625,553)                                 | (89,820)                   | (1,715,373)         | (45,936)  |
| Payments to employees  | (451,637)                                   | (29,107)                   | (480,744)           | (139,079)   |
| Net cash provided by operating activities  | <u>1,443,388</u>                            | <u>132,738</u>             | <u>1,576,126</u>    | <u>499,483</u>  |
| <b>CASH FLOWS FROM NONCAPITAL<br/>FINANCING ACTIVITIES</b>   |   |                            |                     |   |
| Transfers to other funds   | (625,000)                                   | -                          | (625,000)           | -   |
| Transfers from other funds   | -   | -                          | -                   | 22,500  |
| Net cash provided (used) by capital<br>and related financing activities                              | <u>(625,000)</u>                            | <u>-</u>                   | <u>(625,000)</u>    | <u>22,500</u>   |
| <b>CASH FLOWS FROM CAPITAL AND<br/>RELATED FINANCING ACTIVITIES</b>                                  |   |                            |                     |   |
| Capital contributions  | 95,950                                      | -                          | 95,950              | -   |
| Acquisition and construction of capital<br>assets  | (102,977)                                   | (147,324)                  | (250,301)           | (319,273)   |
| Interest paid on capital debt  | -   | -                          | -                   | (3,209)   |
| Capital lease payment  | -   | -                          | -                   | (49,193)  |
| Proceeds from sales of capital assets  | -   | -                          | -                   | 29,782  |
| Net cash provided (used) by capital<br>and related financing activities                              | <u>(7,027)</u>                              | <u>(147,324)</u>           | <u>(154,351)</u>    | <u>(341,893)</u>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |   |                            |                     |   |
| Proceeds from sales or maturities of<br>investments  | 3,695,607                                   | 183,045                    | 3,878,652           | 229,936   |
| Purchases of investments   | (3,793,924)                                 | (214,567)                  | (4,008,491)         | (630,419)   |
| Interest and dividends received  | 196,178                                     | 13,698                     | 209,876             | 16,100  |
| Net cash provided (used) by<br>investing activities  | <u>97,861</u>                               | <u>(17,824)</u>            | <u>80,037</u>       | <u>(384,383)</u>  |
| Net increase (decrease) in cash<br>and cash equivalents  | 909,222                                     | (32,410)                   | 876,812             | (204,293)   |
| Cash and cash equivalents October 1<br>(excluding \$1,227,799 reported in restricted<br>accounts)    | <u>4,027,809</u>                            | <u>477,236</u>             | <u>4,505,045</u>    | <u>333,731</u>  |
| Cash and cash equivalents September 30<br>(excluding \$1,343,449 reported in restricted<br>accounts) | <u>\$ 4,937,031</u>                         | <u>\$ 444,826</u>          | <u>\$ 5,381,857</u> | <u>\$ 129,438</u>   |

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

|  | Business-type Activities - Enterprise Funds |                            |                     | Governmental<br>Activities -<br>Internal Service<br>Funds |
|--|---|----------------------------|---------------------|---|
|  | Water and<br>Sewer Fund                     | Stormwater<br>Utility Fund | Totals              |   |
| <b>Reconciliation of operating income to net cash provided (used) by operating activities:</b> |   |                            |                     |   |
| Operating income   | \$ 994,747                                  | \$ 3,464                   | \$ 998,211          | \$ 115,148  |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: |   |                            |                     |   |
| Depreciation expense   | 335,184                                     | 130,209                    | 465,393             | 363,050   |
| Amortization expense   | 24,216                                      | -                          | 24,216              | -   |
| (Increase) decrease in accounts receivable   | 31,246                                      | 2,097                      | 33,343              | -   |
| (Increase) decrease in accrued receivable  | -   | -                          | -                   | 1,800   |
| (Increase) decrease in unbilled service charges  | 11,631                                      | (201)                      | 11,430              | -   |
| (Increase) decrease in special assessments   | 4,252                                       | 7,500                      | 11,752              | -   |
| (Increase) decrease in inventory   | 10,117                                      | -                          | 10,117              | (8,588)   |
| Increase (decrease) in customer deposits   | 17,271                                      | -                          | 17,271              | -   |
| Increase (decrease) in accounts payable  | 7,531                                       | (14,164)                   | (6,633)             | 26,466  |
| Increase (decrease) accrued expenses   | 5,272                                       | 883                        | 6,155               | 2,668   |
| Increase (decrease) in compensated absences payable  | 1,311                                       | 2,905                      | 4,216               | (1,178)   |
| Increase (decrease) in due to other funds  | 610   | 45                         | 655                 | 117   |
| Total adjustments  | 448,641                                     | 129,274                    | 577,915             | 384,335   |
| Net cash provided by operating activities  | <u>\$ 1,443,388</u>                         | <u>\$ 132,738</u>          | <u>\$ 1,576,126</u> | <u>\$ 499,483</u>   |

The Water and Sewer Fund had a non-cash capital contribution of \$604,779 and a non-cash loss in the fair value of investments of (\$42,654); the Stormwater Fund had a non-cash capital contribution of \$549,759 and a non-cash loss in the fair value of investments of (\$2,833); and the Internal Service Fund had a non-cash capital contribution of \$67,447 and a non-cash loss in the fair value of investments of (\$3,117).

**City of Lake Mary, Florida**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**As of September 30, 2004**

|                                    | Total Employee<br>Pension Funds |
|------------------------------------|---------------------------------|
| <b>ASSETS</b>                      |                                 |
| Cash and cash equivalents          | \$ 613,281                      |
| Receivables:                       |                                 |
| Interest receivable                | 26,025                          |
| Notes receivable - employees       | 55,917                          |
| Contributions receivable - city    | 10,445                          |
| Contributions receivable - state   | 35,384                          |
| Total receivables                  | 127,771                         |
| Investments at fair value          |                                 |
| Domestic corporate bonds           | 2,576,201                       |
| Domestic stocks                    | 4,773,945                       |
| Other securities                   | 1,706,931                       |
| Total investments                  | 9,057,077                       |
| Total assets                       | 9,798,129                       |
| <b>LIABILITIES</b>                 |                                 |
| Accounts payable                   | 18,956                          |
| Total liabilities                  | 18,956                          |
| <b>NET ASSETS</b>                  |                                 |
| Held in trust for pension benefits | \$ 9,779,173                    |

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

**City of Lake Mary, Florida**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended September 30, 2004**

|   | Total Employee<br>Pension Funds |
|---|---------------------------------|
| <b>ADDITIONS</b>  |                                 |
| Contributions:  |                                 |
| City  | \$ 558,203                      |
| State   | 249,287                         |
| Employee  | 152,489                         |
| Total contributions                                     | 959,979                         |
| Investment earnings                                     |                                 |
| Interest  | 195,803                         |
| Net increase (decrease) in fair value<br>of investments | 637,190                         |
| Net investment earnings                                 | 832,993                         |
| Total additions   | 1,792,972                       |
| <b>DEDUCTIONS</b>                                       |                                 |
| Benefit payments  | 218,606                         |
| Refunds of contributions                                | 8,887                           |
| Administrative expenses                                 | 86,908                          |
| Total deductions  | 314,401                         |
| Change in net assets                                    | 1,478,571                       |
| Net assets - beginning                                  | 8,300,602                       |
| Net assets - ending                                     | \$ 9,779,173                    |

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



*This page intentionally left blank.*

## **NOTES TO THE FINANCIAL STATEMENTS**



*This page intentionally left blank.*

**CITY OF LAKE MARY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2004**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Lake Mary, Florida ("the City"), a municipality incorporated under Chapter 73-422, Laws of Florida, in 1973, operates under the Commission – City Manager form of government. The City is located near the center of the State of Florida in the northwest part of Seminole County.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies follow.

**A. Reporting Entity:**

The City is a municipal corporation with a five-member commission including the mayor, who acts as the presiding officer of the commission, with a vice-mayor serving in his absence.

The City provides a full range of municipal services, including police and fire protection, public works activities, parks and recreation, planning and development, and general administrative services. In addition the City operates a water, sewer and stormwater utility.

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to the organization; or (c) is obligated in some manner for the debt of the organization. In applying the above criteria, management has determined that there are no component units to be included within the reporting entity.

**B. Government-wide and Fund Financial Statements:**

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

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

**C. 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 the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues 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 are recorded only when payment is due.

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

Deferred revenues in governmental funds include amounts collected before revenue recognition criteria are met. The deferred amount typically consists of license revenue collected in advance. For fiscal year 2004, \$2,072,636 is included for the funds approved for reimbursement by FEMA related to the three hurricanes which affected our area in August and September, 2004.

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

**Major Governmental Funds**

The *General Fund* is the City's primary operating fund, and is used to account for all financial resources except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. The majority of current operating expenditures of the City other than proprietary fund activities are financed through revenues received by the General Fund.

The *General Capital Projects Fund* is a capital projects fund used to account for equipment purchases, general maintenance projects and construction and capital improvement projects of the City.

The *Fire Station Fund* is used to account for the design and construction of a new combination fire station and municipal services complex.

The *Building Construction Fund* is a capital projects fund used to account for the renovation and expansion of City Hall and Central Park, as well as the design and construction of a Fire Substation in the City Center area.

**Non-Major Governmental Fund Types**

*Special Revenue Funds* – account for specific revenue sources that are restricted by law or administrative action to expenditures for specific purposes. Non-major special revenue funds include the Police Education Fund, Law Enforcement Trust Fund, Police Impact Fees Fund, Fire Impact Fees Fund, Public Works Impact Fees Fund, Parks Impact Fees Fund, and Streetlighting Fund.

*Debt Service Funds* – account for the accumulation of resources for, and the payment of principal and interest on certain long-term debt.

**Major Proprietary Fund**

The *Water and Sewer Revenue Fund* is used to account for the operations of the City's water and wastewater systems, which are financed in a manner similar to private business enterprises, where the costs, including depreciation, of providing services to the general public on an ongoing basis are financed primarily through user charges.

### **Non-major Proprietary Funds**

Enterprise Funds – The *Stormwater Utility Fund* accounts for the operation and maintenance of the City's stormwater system.

Internal Service Fund - The *Fleet Maintenance Fund* accounts for the costs and services of the fleet maintenance department which are charged to other departments on a cost reimbursement basis.

The City has elected not to apply FASB Statements and Interpretations issued after November 30, 1989, as permitted by Statement No. 20 of the Governmental Accounting Standards Board (GASB), *Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities That Use Governmental Fund Accounting*.

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

### **Fiduciary Fund Types**

Pension Trust Funds – account for contributions to the police, fire and general employees pension plans.

#### **D. Inventories:**

Proprietary fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Inventories consist principally of water meters, pipes and maintenance supplies, and are recorded as expenses when consumed rather than when purchased.

#### **E. Expenses:**

Payments made to vendors for services that will benefit periods beyond the current period are recorded as prepaid items. There were prepaid items in the amount of \$29,931 at September 30, 2004.

#### **F. Ad Valorem Taxes:**

Under Florida Law, the assessment of all properties and the collection of all City property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessment are also designed to assure a consistent property valuation method statewide. State Statutes permit cities to levy property taxes at a rate of up to ten (10) mills. The millage rate in effect for the City for the fiscal year ended September 30, 2004 was 3.9998 mills.

The tax levy of the City is established by the City Commission prior to October 1 of each year and the Seminole County Property Appraiser incorporates the millage into the total tax levy, which includes the municipalities, independent districts and the County School Board tax requirements. All property is reassessed according to its fair market value on January 1 of each year.

All taxes are due and payable on the levy date of November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% for payments received in the month of November, 3% for payments received in the month of December, 2% for payments received in the month of January and 1% for payments received in the month of February. The taxes paid in March are not subject to discount.

Delinquent taxes on real property bear interest of 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold certificates are held by the County.

#### **G. Restricted Assets:**

The use of certain assets of the Water and Sewer Fund may be restricted by specific provisions of bond resolutions and/or agreements with various parties. Assets so designated are identified as restricted assets on the balance sheet.

**H. Capital Assets:**

Property, plant and equipment purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date received. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. In order to comply with Chapter 274.02, Florida Statutes, items with an individual cost of \$750 or more are accounted for in a subsystem and inventoried annually.

Pursuant to GASB Statement No. 34, an extended period of deferral (FY 2007) is available before the requirement to record and depreciate infrastructure assets (e.g. roads, bridges, sidewalks and similar items) acquired before the implementation date becomes effective. The City currently intends an early implementation of this requirement. Infrastructure acquired prior to October 1, 2001 has not been recorded for governmental activities. GASB Statement No. 34 requires the reporting and depreciation of new infrastructure expenditures effective with the beginning of the implementation year (October 1, 2001).

Property, plant and equipment is depreciated using the straight line method over the following useful lives:

|                          |              |
|--------------------------|--------------|
| Buildings                | 15-50 years  |
| Machinery and equipment  | 5-10 years   |
| Water/sewer system       | 15-60 years  |
| Stormwater system        | 15-60 years  |
| Structures               | 25 years     |
| Infrastructure           | 25-100 years |
| Heavy equipment vehicles | 7-15 years   |
| Light vehicles           | 3-5 years    |

Interest costs, net of interest income, are capitalized on assets constructed for use by proprietary funds. There were no interest costs and no capitalized interest for 2004.

Changes in estimates are recorded in the year they become known. For fiscal year 2004, the carrying value of City Hall was adjusted to reflect a significant planned renovation to the facility.

Sewer contract cost (purchases of capacity) is capitalized and amortized over the life of the agreement.

**I. Compensated Absences:**

The City records the vested portion of accumulated unused compensated absences at year-end based on each employee's accumulated unused hours and rate of pay, including the City's share of Social Security and Medicare taxes. All compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**J. Long-term Debt:**

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.

**K. Fund Balance Reserves:**

A reserve is used to indicate a portion of the fund balance that is not appropriable for expenditure or is legally segregated for a specific future use. Usage of reserves has been limited to the following items:

**Reserve for Police Education** - indicates a portion of the fund balance is restricted for training of police officers in accordance with Florida Statutes Chapter 943.25.

**Reserve for Capital Projects** - indicates that the fund balance is not an "available expendable resource" because its use is restricted for capital projects.

**Reserve for Future Growth** - represents unspent impact fees restricted for future growth.

**Reserve for Employees' Pension Benefits** - indicates that the fund balance of the fund is restricted for payment of retirement benefits.

**Reserve for Debt Service** - indicates a portion of fund balance that is reserved for payment of debt.

**Reserve for Law Enforcement** - indicates a portion of the fund balance is legally restricted for school resource officer, crime prevention, drug education programs or other law enforcement purposes in accordance with Florida Statutes Chapter 932.705.

**Reserve for Street Lighting** - indicates that the fund balance is reserved for the purpose of paying for street lighting in the City's street lighting district pursuant to the authority of Florida Statutes 189.401.

## NOTE 2 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 reconciliation between *fund-balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets.

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

## NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### 1. Budgetary Information:

The City follows the following procedures in establishing the budgetary data reflected in the financial statements:

- a. Prior to the first day of August of each year, the City Manager prepares a recommended budget for the next succeeding fiscal year and submits it to the City Commission. The recommended budget includes proposed expenditures and the sources of receipts to finance them.
- b. Public hearings are conducted to obtain taxpayers comments.
- c. The budget is approved by the Commission and becomes the basis for the millage levied by the Commission.
- d. The City Manager is authorized to transfer budgeted amounts between line items within a department; however, any revisions that alter the total expenditures of any fund must be approved by the City Commission. Expenditures may not exceed legal appropriations at the fund level. All appropriations lapse at year-end.
- e. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. Formal budgetary integration is not employed for the Debt Service Funds because effective budgetary control is alternatively achieved through repayment provisions. Formal budget integration is also not employed for the Capital Project Funds because projects are approved individually.
- f. The budgets for the General Fund and Special Revenue Funds are legally adopted on a basis consistent with generally accepted accounting principles.
- g. Budgeted amounts are as originally adopted, or as amended, in accordance with City ordinance.

h. The Budgetary Comparison Schedules shown in the accompanying supplemental information present comparisons of the legally adopted budget, as amended, with actual results. The originally adopted budget is presented for purposes of comparison to the final, amended budget.

#### **NOTE 4 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

##### **A. Cash and cash equivalents:**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

##### **B. Deposits with financial institutions:**

At September 30, 2004, the carrying amount of the City's deposits was (\$836,718) and the bank balance was \$294,670.

The bank balance was covered by federal depository insurance and by deposits held in banks that are members of the State of Florida Collateral Pool. The Florida Collateral Pool is a multiple institution pool with the authority to assess member institutions in the event of any collateral shortfall. For this reason, the City considers its deposits insured or collateralized.

##### **C. Investments:**

Investments in all fund types are stated at fair value, which is the amount for which an investment could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale. Fair value is based on quoted market prices. Changes in the fair value of investments are recognized as revenue and included in investment income.

The City's investment policy adopted by Resolution No. 653, authorizes the City to invest in the following:

1. The Local Government Surplus Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Chapter 16.301, Florida Statutes.
2. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
3. Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in F.S. Chapter 280.02.
4. Direct obligations of the U.S. Treasury
5. Federal agencies and instrumentalities.
6. Investment trusts registered under the Investment Company Act of 1940, provided the portfolio is limited to U.S. Government obligations and repurchase agreements fully collateralized by such U.S. Government obligations and provided such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian (i.e. Mutual Funds).

The pension funds have much broader investment policies. They may invest in stocks, bonds, investment trusts, common trust funds, mutual funds, leases, real and personal property, mortgages and others without restriction except that the Police and Firefighters pensions prohibit investment in any one corporation in an amount that exceeds five percent (5%) of its total assets or five percent (5%) of the outstanding stocks of that company; nor shall the aggregate of its investments in stock exceed sixty percent (60%) of total assets.

The City has a contractual relationship with a Qualified Public Depository ("the bank") in the State of Florida under which at the close of each business day, total bank balances are transferred into a sweep account. The bank sells securities to the City in the form of Repurchase Agreements in amounts equal to the bank balance less a balance necessary to compensate the services rendered by the bank ("the compensating balance"), determined by a formula specified in the contract. In practice, the compensating balance is approximately \$240,000. Investment income is recognized as earned and is allocated to participating funds based on their equity participation.

The City also invests in the State Board of Administration Fund (SBA), an investment pool administered by the State of Florida. Investments held in the State Board of Administration Fund consist of short-term federal agency obligations, treasury bills, repurchase agreements and commercial paper. The SBA is not a registrant with the Securities and Exchange Commission (SEC); however, the SBA has adopted operating procedures consistent with the requirements for a 2a-7 like pool and the fair

value of the position in the pool is equal to the fair value of the pool shares. Such investments are stated at amortized cost in the accompanying financial statements. Investment income is recognized as earned and is allocated to the participating funds based on their equity participation.

The City also has investments in certain mutual funds that only invest in direct obligations of the United States or its agencies. Interest is recognized and allocated in the same manner as the SBA fund described above.

The assets of the City's police and fire pension funds are administered and managed by investment consultants. Investments are reported at fair value and are managed by third party money managers. The Plan's independent custodian and the individual money managers price each instrument and reconcile material differences. Investments that do not have an established market are reported at estimated fair value. Performance reporting, manager fees, and the Plan's asset valuation are based on the custodian's determination of value.

The assets of the general employees pension fund are independently administered by ICMA/RC. Investment type credit risk is not applicable.

A summary of the credit risk assigned to these investments is as follows:

**Category 1--** Includes investments that are insured or registered, or securities held by the City or its agent in the City's name, or held by the City's agent in a Depository Trust Company custodial account.

**Category 2--** Includes uninsured and unregistered investments held by a counterparty's trust department or agent in the City's name.

**Category 3--** Includes uninsured and unregistered investments for which securities are held by a counterparty, its trust department or agent, but not in the City's name.

**N/A --** Includes investments by the City in pooled investment funds for which categorization according to credit risk is not applicable.

The following schedule shows the City's investments at September 30, 2004, classified where appropriate as to their respective level of credit risk:

|                                    | Fair Value           | Credit Risk Category |
|------------------------------------|----------------------|----------------------|
| State Board of Administration Fund | \$ 11,535,748        | N/A                  |
| Police and Fire Pension Funds      | 8,247,056            | N/A                  |
| Repurchase Agreements              | 2,286,307            | 3                    |
| 401a Pension Fund                  | 1,423,302            | N/A                  |
| U.S. Government Treasury Notes     | 16,693,558           | 2                    |
| Total Investments                  | <u>\$ 40,185,971</u> |                      |

**NOTE 5 RECEIVABLES**

The accounts receivable and allowance for uncollectibles at September 30, 2004 were as follows:

|                       | Accounts and Assessments Receivable | Allowance for Uncollectibles | Net Receivable    |
|-----------------------|-------------------------------------|------------------------------|-------------------|
| General Fund          | \$ 410,515                          | \$ 3,230                     | \$ 407,285        |
| Special Revenue Funds | 3,807                               | -                            | 3,807             |
| Enterprise Funds      | 310,720                             | 17,132                       | 293,588           |
|                       | <u>\$ 725,042</u>                   | <u>\$ 20,362</u>             | <u>\$ 704,680</u> |

**NOTE 6 CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2004 was as follows:

**City of Lake Mary  
Capital Assets Note Disclosure  
September 30, 2004**

|  | <u>Beginning<br/>Balance</u> | <u>Increases</u>    | <u>Decreases</u>      | <u>Ending<br/>Balance</u> |
|--|------------------------------|---------------------|-----------------------|---------------------------|
| <b>Governmental activities:</b>              |                              |                     |                       |                           |
| Capital assets, not being depreciated:       |                              |                     |                       |                           |
| Land   | \$ 6,318,352                 | \$ -                | \$ -                  | \$ 6,318,352              |
| Construction in progress                     | 1,007,611                    | 3,090,854           | (3,440,645)           | 657,820                   |
| Total capital assets, not being depreciated  | <u>7,325,963</u>             | <u>3,090,854</u>    | <u>(3,440,645)</u>    | <u>6,976,172</u>          |
| Capital assets, being depreciated:           |                              |                     |                       |                           |
| Buildings                                    | 9,581,246                    | 2,690,097           | (605,038)             | 11,666,305                |
| Improvements other than bldg.                | 2,261,130                    | 603,117             | -                     | 2,864,247                 |
| Equipment                                    | 1,211,569                    | 190,969             | -                     | 1,402,538                 |
| Infrastructure                               | -                            | 685,283             | -                     | 685,283                   |
| Vehicles                                     | 2,790,788                    | 386,719             | (228,063)             | 2,949,444                 |
| Total capital assets, being depreciated:     | <u>15,844,733</u>            | <u>4,556,185</u>    | <u>(833,101)</u>      | <u>19,567,817</u>         |
| Less accumulated depreciation for            |                              |                     |                       |                           |
| Buildings                                    | (1,983,538)                  | (1,006,008)         | 3,066                 | (2,986,480)               |
| Improvements other than buildings            | (777,672)                    | (143,778)           | -                     | (921,450)                 |
| Equipment                                    | (750,654)                    | (109,635)           | -                     | (860,289)                 |
| Infrastructure                               | -                            | (6,720)             | -                     | (6,720)                   |
| Vehicles                                     | (1,559,387)                  | (363,050)           | 228,063               | (1,694,374)               |
| Total accumulated depreciation               | <u>(5,071,251)</u>           | <u>(1,629,191)</u>  | <u>231,129</u>        | <u>(6,469,313)</u>        |
| Total capital assets, being depreciated, net | <u>10,773,482</u>            | <u>2,926,994</u>    | <u>(601,972)</u>      | <u>13,098,504</u>         |
| Governmental activities capital assets, net  | <u>\$ 18,099,445</u>         | <u>\$ 6,017,848</u> | <u>\$ (4,042,617)</u> | <u>\$ 20,074,676</u>      |

**City of Lake Mary  
Capital Assets Note Disclosure  
September 30, 2004**

|  | <b>Beginning<br/>Balance</b> | <b>Increases</b> | <b>Decreases</b> | <b>Ending<br/>Balance</b> |
|--|------------------------------|------------------|------------------|---------------------------|
| <b>Business-type activities:</b>             |                              |                  |                  |                           |
| Capital assets, not being depreciated:       |                              |                  |                  |                           |
| Land   | \$ 39,548                    | \$ -             | \$ -             | \$ 39,548                 |
| Construction in progress                     | 620,579                      | 297,076          | (212,765)        | 704,890                   |
| Total capital assets, not being depreciated  | 660,127                      | 297,076          | (212,765)        | 744,438                   |
| Capital assets, being depreciated:           |                              |                  |                  |                           |
| Buildings                                    | 472,000                      | -                | -                | 472,000                   |
| Water/sewer system                           | 13,865,730                   | 604,779          | -                | 14,470,509                |
| Stormwater system                            | 1,870,981                    | 715,749          | -                | 2,586,730                 |
| Machinery and equipment                      | 203,733                      | -                | -                | 203,733                   |
| Total capital assets, being depreciated:     | 16,412,444                   | 1,320,528        | -                | 17,732,972                |
| Less accumulated depreciation for            |                              |                  |                  |                           |
| Buildings                                    | (200,600)                    | (11,800)         | -                | (212,400)                 |
| Water/sewer system                           | (2,118,061)                  | (313,987)        | -                | (2,432,048)               |
| Stormwater system                            | (548,943)                    | (129,401)        | -                | (678,344)                 |
| Machinery and equipment                      | (160,864)                    | (10,205)         | -                | (171,069)                 |
| Total accumulated depreciation               | (3,028,468)                  | (465,393)        | -                | (3,493,861)               |
| Total capital assets, being depreciated, net | 13,383,976                   | 855,135          | -                | 14,239,111                |
| Business-type capital assets, net            | \$ 14,044,103                | \$ 1,152,211     | \$ (212,765)     | \$ 14,983,549             |

Depreciation expense was charged to governmental functions as follows:

|  |              |
|--|--------------|
| General government   | \$ 165,979   |
| Public works   | 68,678       |
| Police   | 228,674      |
| Fire   | 570,784      |
| Parks  | 232,026      |
| Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets | 363,050      |
| Total depreciation expense   | \$ 1,629,191 |

Depreciation expense was charged to business type activities as follows:

|                            |            |
|----------------------------|------------|
| Water/sewer system         | \$ 335,184 |
| Stormwater system          | 130,209    |
| Total depreciation expense | \$ 465,393 |

**NOTE 7 LEASES**

**A. Capital Leases:**

On June 1, 2000, the City entered into a lease-purchase agreement in the amount of \$230,000 with Kislak National Bank for the acquisition of vehicles. The agreement has a 5-year fixed term rate at 5.378% and calls for monthly payments of \$4,367. The cost of the vehicles and the amortization and depreciation expense has been recorded in the Internal Service Fund. The following is a schedule of future minimum lease payments:

| Fiscal Year Ending<br>September 30, | Principal | Interest | Total Lease<br>Payment |
|-------------------------------------|-----------|----------|------------------------|
| 2005                                | \$ 34,256 | \$ 678   | \$ 34,934              |

Assets acquired through the capital leases are as follows:

|                                |                  |
|--------------------------------|------------------|
| Vehicles and equipment         | \$ 238,316       |
| Less: Accumulated Depreciation | 199,174          |
| Net Book Value                 | <u>\$ 39,142</u> |

**B. Operating Leases:**

The City leases computer equipment under noncancelable operating leases with a duration of 36 months each, as well as copier equipment under noncancelable operating leases with a duration of 60 months each. The total cost for such leases was \$19,487 for the year ended September 30, 2004. The future minimum lease payments for these leases are as follows:

| Year Ending September 30, |                  |
|---------------------------|------------------|
| 2005                      | \$ 16,814        |
| 2006                      | 18,098           |
| 2007                      | 18,098           |
| 2008                      | 18,098           |
| Total                     | <u>\$ 71,108</u> |

**NOTE 8 PUBLIC IMPROVEMENT REVENUE BONDS**

**A. Bonds Payable:**

Bonds payable at September 30, 2004 are comprised of the following individual obligations:

| Description  | Interest Rate  | Original Amount | Balance at September 30, 2004 |
|--|----------------|-----------------|-------------------------------|
| Public Improvement Refunding Revenue Bond, Series 2003; due serially on September 1 of each year to September 1, 2013. | 3.41%          | \$ 7,305,000    | \$ 6,560,000                  |
| Public Improvement Revenue Bonds Series 1996; due serially on September 1, of each year to September 1, 2015           | 3.40% to 5.25% | 3,740,000       | <u>2,520,000</u>              |
| Total Bonds Payable  |                |                 | <u><u>\$ 9,080,000</u></u>    |

**B. Summary of Debt Service Requirements to Maturity:**

| Fiscal Year Ending<br>Sept. 30, | Principal                  | Interest                   | Total Debt<br>Service       |
|---------------------------------|----------------------------|----------------------------|-----------------------------|
| 2005                            | 905,000                    | 347,681                    | 1,252,681                   |
| 2006                            | 940,000                    | 315,219                    | 1,255,219                   |
| 2007                            | 975,000                    | 281,284                    | 1,256,284                   |
| 2008                            | 1,010,000                  | 245,911                    | 1,255,911                   |
| 2009                            | 1,050,000                  | 209,030                    | 1,259,030                   |
| 2010-2014                       | 3,910,000                  | 476,907                    | 4,386,907                   |
| 2015                            | 290,000                    | 15,225                     | 305,225                     |
| Totals                          | <u><u>\$ 9,080,000</u></u> | <u><u>\$ 1,891,256</u></u> | <u><u>\$ 10,971,256</u></u> |

**C. Changes in Long-Term Liabilities:**

During the year ended September 30, 2004, the following changes occurred in liabilities reported:

|   | Balance<br>09/30/2003 | Reductions          | Additions     | Balance<br>09/30/2004 | Balance Due<br>within One<br>Year |
|---|-----------------------|---------------------|---------------|-----------------------|-----------------------------------|
| <b>Governmental activities</b>                            |                       |                     |               |                       |                                   |
| Public Improvement Refunding<br>Revenue Bonds Series 1996 | \$ 2,695,000          | \$ (175,000)        | \$ -          | \$ 2,520,000          | \$ 180,000                        |
| Public Improvement Refunding<br>Revenue Bonds Series 2003 | 7,260,000             | (700,000)           | -             | 6,560,000             | 725,000                           |
| Capital leases payable                                    | 83,449                | (49,193)            | -             | 34,256                | 34,256                            |
| Compensated absences                                      | 560,808               | (10,784)            | 194           | 550,218               | 33,015                            |
| Governmental activity Long -term<br>liabilities           | <u>\$10,599,257</u>   | <u>\$ (934,977)</u> | <u>\$ 194</u> | <u>\$ 9,664,474</u>   | <u>\$ 972,271</u>                 |
| <b>Business-type activities:</b>                          |                       |                     |               |                       |                                   |
| Compensated absences                                      | \$ 26,632             | \$ 6,899            | \$ -          | \$ 33,531             | \$ 2,683                          |
| Business-type activity Long-term<br>liabilities           | <u>\$ 26,632</u>      | <u>\$ 6,899</u>     | <u>\$ -</u>   | <u>\$ 33,531</u>      | <u>\$ 2,683</u>                   |

In accordance with bond covenants for Public Improvement Revenue Bonds Series 1996, the City has reserved one-twelfth of the next annual principal and interest payments. There is no reserve requirement for the 2003 bonds, however, the City does have the duty to budget and appropriate sufficient funds to meet its obligation to make payments when due.

The internal service fund predominantly serves other governmental funds. Accordingly, long-term liabilities for the fund are included as part of the above total for governmental activities. At year end \$17,155 of internal service fund compensated absences are included in the above amounts. Also, for the governmental activities, claims and judgments and compensated absences are generally liquidated by the general fund.

There are no long-term liabilities due within one year for business-type activities in "liabilities payable from restricted assets" in the government-wide statement of net assets.

**NOTE 9 RISK MANAGEMENT**

The City is a member of Public Risk Management of Florida (the pool), a local government liability risk pool. The pool has 53 local government agency members.

The pool administers insurance activities relating to property, general liability, police, professional, automobile liability, public officials liability, workers' compensation, and boiler and machinery. The pool absorbs losses up to a specified amount for each pool year and purchases excess and other specific coverage's from third-party carriers. The pool assesses each member its pro rata share of the estimated amount required to meet current year losses and operating expenses. If total member assessments do not produce sufficient funds to meet its obligations, the pool can make additional limited assessments. Losses, if any, in excess of the pools ability to assess its members would revert back to the member that incurred the loss. There has been no significant reduction in insurance coverage from the prior year, and no settlements in excess of insurance coverage in any of the prior three years. There were no additional assessments levied against the City for the fiscal year ended September 30, 2004. The cost of the insurance is allocated among the appropriate departments and funds.

**NOTE 10 INTERFUND ASSETS/LIABILITIES**

Transfers to/from other funds for the year ended September 30, 2004 were as follows:

| Recipient Fund             | Amount    | Purpose   |
|----------------------------|-----------|---|
| General Fund               | 625,000   | Transfer from Water and Sewer Fund to cover costs of General Fund services provided to the Water and Sewer Fund, such as Customer Service, Finance, Human Resources, Purchasing, Computer Services, City Manager, City Clerk and Community Development. |
| General Fund               | 33,250    | Transfer from the Street Lighting District to reimburse the General Fund for streetlighting electricity and pole and fixture rental costs.  |
| General Fund               | 45,000    | Transfer from Recreation Impact Fee Fund to reimburse the General Fund for construction costs of the Tennis Complex.  |
| Debt Service Funds         | 1,298,690 | Transfer from the General Fund to cover the debt service payments for the Public Improvement Revenue Bonds of 1996 and Public Improvement Revenue Refunding Bond of 2003.   |
| General Projects Fund      | 391,615   | Transfer from General Fund to provide for general capital improvements of the city.   |
| Fire Station Fund          | 1,150,000 | Transfer from General Fund to provide for the construction of the Municipal Services Complex.   |
| Building Construction Fund | 575,000   | Transfer from General Fund to isolate the costs of City Hall and Central Park renovation and construction of the fire substation.   |
| Internal Service Fund      | 22,500    | Transfer from the Fire Impact Fee Fund to cover the costs of vehicle lease for fire truck.  |

**NOTE 11 CONTINGENT LIABILITIES**

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City Attorney the resolution of these matters will not have a material adverse effect on the financial condition of the City.

The City had entered into four interlocal agreements with Seminole County for Economic Development Incentive repayments for a five-year period ending in the year 2004. There is no remaining obligation at September 30, 2004.

In accordance with S.288.106, Florida Statutes, the City has agreed to participate in the Qualified Target Industry Tax Refund Program for fiscal years 2005 through 2012. Priority Healthcare Corporation has agreed to create 456 additional professional, specialized jobs within the City at an average salary of \$50,322. The City, in conjunction with Seminole County, agrees to local financial support for the program not exceeding \$182,400. The maximum anticipated refund due in any one year is \$38,800.

**NOTE 12 EMPLOYEE BENEFIT PLANS**

**A. Police and Fire Employee Pension Plans:**

The City maintains two separate single-employer, defined benefit pension plans for police officers and firefighters, which are maintained as Pension Trust Funds and included as part of the City's reporting entity. These pension plans do not issue stand-alone financial reports. These plans also provide for disability and survivor benefits.

Each system is independently governed by separate boards of trustees. Assets may not be transferred from one plan to another or used for any purpose other than to benefit each system's participants as defined in their authorizing ordinances. Administrative expenses and fees attributable to each plan are deducted from the plan assets.

The Florida Constitution requires local governments to make the actuarially determined contribution. The Florida Division of Retirement reviews and approves each local government's actuarial report prior to its being appropriate for funding purposes. The funding methods and determination of benefits payable are provided in the various acts of the Florida Legislature, which created the funds including subsequent amendments thereto. Additionally, the State collects two locally authorized insurance premium surcharges (one for the Police Pension Plan on casualty insurance policies and one for the Firefighter Pension Plan on

certain real and personal property insurance policies within the corporate limits) which can only be distributed after the State has ascertained that the local government has met their actuarial funding requirement for the then most recently completed fiscal year.

The City has traditionally contributed the annual required contribution (ARC) and thus has never actually had, or had the need to report, a net pension obligation (NPO). In accordance with GASB Statement No. 27, the City calculated the potential for a NPO and reaffirmed that none existed at September 30, 2004.

**Schedule of Contributions from the Employer and Other Contributing Entities  
for Police Pension Fund**

| <u>Fiscal Year Ending</u> | <u>Annual Required<br/>Contribution (ARC)</u> | <u>Percentage of<br/>ARC Contributed</u> | <u>Net Pension<br/>Obligation</u> |
|---------------------------|---|--|-----------------------------------|
| September 30, 2004        | \$ 284,873                                    | 100%                                     | \$ -                              |
| September 30, 2003        | 268,748                                       | 100%                                     | -                                 |
| September 30, 2002        | 206,082                                       | 100%                                     | -                                 |
| September 30, 2001        | 209,914                                       | 100%                                     | -                                 |
| September 30, 2000        | 190,413                                       | 100%                                     | -                                 |
| September 30, 1999        | 166,427                                       | 100%                                     | -                                 |

**Schedule of Contributions from the Employer and Other Contributing Entities  
for Firefighters Pension Fund**

| <u>Fiscal Year Ending</u> | <u>Annual Required<br/>Contribution (ARC)</u> | <u>Percentage of<br/>ARC Contributed</u> | <u>Net Pension<br/>Obligation</u> |
|---------------------------|---|--|-----------------------------------|
| September 30, 2004        | \$ 230,933                                    | 100%                                     | \$ -                              |
| September 30, 2003        | 216,839                                       | 100%                                     | -                                 |
| September 30, 2002        | 192,282                                       | 100%                                     | -                                 |
| September 30, 2001        | 112,601                                       | 100%                                     | -                                 |
| September 30, 2000        | 118,775                                       | 100%                                     | -                                 |
| September 30, 1999        | 73,903  | 100%                                     | -                                 |

The amounts legally required as of September 30, 2004 to be reserved for the police and firefighter pension funds are \$5,466,428 and \$2,823,081, respectively.

Notes to the Required Supplementary Information:

The following schedule is derived from the respective actuarial reports and City information for the two pension plans as of October 1, 2003 and with regard to contributions for fiscal year 2003/2004, based on the October 1, 2003 actuarial report.

|                                  | <b><u>POLICE</u></b>  | <b><u>FIRE</u></b>   |
|----------------------------------|---|--|
| Eligibility                      | All active and future Police Officers   | All active and future Firefighters, full-time or volunteer, as defined by Ordinance  |
| Salary                           | Total compensation reportable on W-2, plus all tax-deferred, tax-exempt and tax-sheltered items of income                               | For full-time firefighters, fixed monthly compensation; for volunteers, annually prorated on a monthly bases   |
| Average Final Compensation       | Average of the five (5) best years of the final 10 years of service   | Average of the five (5) best years of the final 10 years of service  |
| Credited Service                 | Total number of years and fractional parts of years measured from date of employment  | Total number of years and fractional parts of years of service, measured from date of employment   |
| <b>NORMAL RETIREMENT</b>         |   |  |
| Date                             | Earlier of: 1) the attainment of age 55 and 5 years of Credited Service, or 2) the completion of 20 years of service, regardless of age | Earlier of: 1) the attainment of age 55 and 5 years of Credited Service, or 2) the attainment of age 52 and completion of 25 years of service                                  |
| Benefit                          | 3.0% of Average Final Compensation <u>times</u> Credited Service  | 3.0% of Average Final Compensation <u>times</u> Credited Service, with a minimum of \$350 monthly  |
| Form of Benefit                  | Life, with 10 years certain   | Single life annuity with 10 years guaranteed   |
| <b>EARLY RETIREMENT</b>          |   |  |
| Date                             | Age 50 and completion of 5 years of Credited Service  | Age 50 and completion of 5 years of Credited Service   |
| Benefit                          | Determined as for Normal Retirement, reduced by 3% per year preceding Normal Retirement Date  | Determined as for Normal Retirement, actuarially reduced for each year preceding Normal Retirement Date  |
| Form of Benefit                  | Life, with 10 years certain   | Single life annuity with 10 years guaranteed.  |
| <b>TERMINATION OF EMPLOYMENT</b> |   |  |
| Less than 5 years                | Refund of Member Contributions  | Refund of Member Contributions plus 5% compounded annual interest  |
| 5 Years or more                  | Refund of Contributions or Vested Accrued benefit payable at Normal (unreduced) or Early (reduced) Retirement Date                      | Refund of Contributions or Vested Accrued benefit payable at Normal (unreduced) or Early( reduced) Retirement Date   |
| <b>DISABILITY BENEFIT</b>        |   |  |
| Line of Duty                     | The greater of 1) 50% of salary at the time of the disability of 2) the Member's accrued pension  | The greater of 1) 50% of compensation at the time of the Member's disability, 2) the Actuarial Equivalent of the present value of the accrued pension, or 3) \$100 monthly     |
| Non Line of Duty                 | A vested Member receives the Member's accrued pension. A Member that is not vested is refunded accrued contributions                    | If a Member is vested, the Member receives one half of the Line-of-Duty benefit; if a Member is not vested, the accrued contributions will be refunded plus 5% annual interest |

**POLICE**  
**DEATH BENEFIT**

**FIRE**

|  |  |   |
|--|--|---|
| <p>Prior to Retirement<br/> Line of Duty</p> | <p>If vested, the spouse will receive the greater of 1) 10% of the Member's yearly compensation for life or 2) the monthly actuarial equivalent of the accrued normal or early retirement benefit. If there is no Spouse, than a dependent child can receive benefit</p> | <p>Beneficiary will receive the greater of 1) 10% of the Member's yearly compensation or 2) the monthly actuarial equivalent of the accrued normal or early retirement Benefit. Benefit is paid for life, with 10 years certain</p> |
| <p>Not-in-Line of Duty</p>                   | <p>If member was vested - Actuarial equivalent of accrued benefit. If the member is not vested, Refund of the Member's Accumulated Contributions</p>   | <p>If the Member was vested, one half of the Line of Duty Benefit, if the Member was not vested, Refund of the Member's Contributions plus 5% compound annual interest</p>  |
| <p>After Retirement</p>                      | <p>Optional forms that are actuarially equivalent to the normal form of benefit may be chosen with permission of the board.</p>  | <p>Optional forms that are actuarially equivalent to the normal form of benefit may be chosen with permission of the board</p>  |

**CONTRIBUTIONS**

|                            |                        |                        |
|----------------------------|------------------------|------------------------|
| <p>Plan Members</p>        | <p>5.0% of Salary</p>  | <p>5.0% of Salary</p>  |
| <p>City</p>                | <p>12.2% of Salary</p> | <p>17.9% of Salary</p> |
| <p>Annual Pension Cost</p> | <p>359,598</p>         | <p>284,045</p>         |
| <p>Contributions Made</p>  | <p>419,072</p>         | <p>335,384</p>         |

**ACTUARIAL VALUATION:**

|                               |                  |                  |
|-------------------------------|------------------|------------------|
| <p>Frequency</p>              | <p>Annual</p>    | <p>Annual</p>    |
| <p>Latest Date</p>            | <p>10/1/2003</p> | <p>10/1/2003</p> |
| <p>Basis for Contribution</p> | <p>10/1/2003</p> | <p>10/1/2003</p> |
| <p>Cost Method</p>            | <p>Aggregate</p> | <p>Aggregate</p> |

City of Lake Mary, Florida  
Notes to the Financial Statements  
September 30, 2004

**POLICE**

**FIRE**

**ACTUARIAL ASSUMPTIONS**

|                        |   |  |
|------------------------|---|--|
| Mortality Rates        | 1983 Group Annuity Mortality Table  | 1983 Group Annuity Mortality Table   |
| Termination Rates      | (see police table 1)  | (see fire table 2)   |
| Disability Rates       | (see police table 1)  | (see fire table 2)   |
| Retirement Age         | Earlier of 1) age 55 and 5 years of service, or 2) the completion of 20 years of Service regardless of age. In addition, members who are eligible to retire on the valuation date are assumed to retire one year later. | Earlier of age 55 and 5 years of service or age 52 and 25 years of service. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year |
| Early Retirement       | Commencing with the earliest Early Retirement Age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year   | Commencing upon eligibility for Early Retirement, members are assumed to retire with an immediate benefit at the rate of 5% per year   |
| Interest Rate          | 7.5% per year, compounded annually, net of investment related expenses  | 8% per year, compounded annually, net of investment related expenses   |
| Salary Increases       | 6.0% per year until the assumed retirement age (see table below). Projected salary at retirement is increased 10% to account for non-regular payments   | 6.5% per year until the assumed retirement age; see Table below  |
| Payroll Increase       | n/a   | 3% per year.   |
| Administrative Expense | \$11,700 per year   | \$10,200 added to Normal Cost  |

**Police Table 1**

| Age | % Terminating During the Year | % becoming disabled during the year | Current salary as % of salary at age 50 |
|-----|-------------------------------|-------------------------------------|---|
| 20  | 5.00%                         | 0.03%                               | 17.40%                                  |
| 30  | 3.80%                         | 0.04%                               | 31.20%                                  |
| 40  | 1.50%                         | 0.07%                               | 55.80%                                  |
| 50  | 0.00%                         | 0.18%                               | 100.00%                                 |

**Fire Table 2**

| Age | % Terminating During the Year | % becoming disabled during the year | Current salary as % of salary at age 50 |
|-----|-------------------------------|-------------------------------------|---|
| 20  | 5.00%                         | 0.03%                               | 11.00%                                  |
| 30  | 3.80%                         | 0.04%                               | 20.70%                                  |
| 40  | 1.50%                         | 0.07%                               | 38.90%                                  |
| 50  | 0.00%                         | 0.18%                               | 73.00%                                  |

|                                    | <b>MEMBERS</b> |             |
|------------------------------------|----------------|-------------|
| Active Participants:               | <u>POLICE</u>  | <u>FIRE</u> |
| Vested                             | 15             | 14          |
| Non Vested                         | 19             | 7           |
| Service Retirees and Beneficiaries | 8              | 1           |
| Disability Retirees                | 1              | 1           |
| Terminated Vested                  | 2              | 0           |

As noted above, both of the defined benefit plans use the aggregate actuarial cost method, which does not identify or separately amortize unfunded actuarial liabilities. Therefore, these plans are not required to present a schedule of funding progress.

The total required contribution has increased both as a dollar amount and when expressed as a percentage of total annual payroll for both police and fire pension plans for future years. This increase is attributable to the increase in total annual payroll and the net unfavorable actuarial experience including a 1.7 percent investment return that failed to meet the 7.5 percent assumption for police, a 2.6 percent investment returned that failed to meet the 8.0 percent assumption for firefighters, no employee turnover within the firefighter plan, and an average salary increase that exceeded the actuarial assumed rate.

**B. General Pension Plan:**

The General Employees Pension Plan (General Plan) is a defined contribution plan covering all other full-time and permanent part-time employees of the City. This plan is authorized by and may be amended by the City Commission. The City makes employee contributions of 6%, and employees can make voluntary contributions of up to 10% of annual compensation. Employees are eligible to participate in the General Plan after 6 months of employment. Vesting is 25% after the first year, 50% after the second year and 100% after the third year. Benefits are available at termination, regardless of age, based on vested years of service. Employees may borrow up to 50% of their vested account value. These loans are due in full at termination.

For the fiscal year ending September 30, 2004, payroll for the employees covered by this plan was \$3,228,383. Employer contributions required and made were \$185,632. Voluntary employee contributions during the fiscal year were \$8,064. As of September 30, 2004, participation in the plan consisted of 84 active members. The outstanding employee loan amount at September 30, 2004 was \$55,917.

There is no actuarial valuation required for this plan.

During the fiscal year, the General Plan held no securities issued by the employer.

**C. Individual Pension Fund Statements**

Individual statements of net assets for the three pension plans included in the City of Lake Mary fiduciary funds are as follows:

**City of Lake Mary, Florida**  
**Individual Statement of Pension Fund Net Assets**  
**Fiduciary Funds**  
**As of September 30, 2004**

|                                    | Police Pension<br>Trust | Fire Pension<br>Trust | General<br>Employees<br>Pension |
|------------------------------------|-------------------------|-----------------------|---------------------------------|
| <b>ASSETS</b>                      |                         |                       |                                 |
| Cash and cash equivalents          | \$ 328,101              | \$ 285,180            | \$ -                            |
| Receivables:                       |                         |                       |                                 |
| Interest receivable                | 16,392                  | 9,633                 | -                               |
| Notes receivable - employees       | -                       | -                     | 55,917                          |
| Contributions receivable - city    | -                       | -                     | 10,445                          |
| Contributions receivable - state   | -                       | 35,384                | -                               |
| Total receivables                  | <u>16,392</u>           | <u>45,017</u>         | <u>66,362</u>                   |
| Investments at fair value          |                         |                       |                                 |
| Domestic corporate bonds           | 1,569,337               | 1,006,864             | -                               |
| Domestic stocks                    | 3,336,316               | 1,437,629             | -                               |
| Other securities                   | 226,852                 | 56,777                | 1,423,302                       |
| Total investments                  | <u>5,132,505</u>        | <u>2,501,270</u>      | <u>1,423,302</u>                |
| Total assets                       | <u>5,476,998</u>        | <u>2,831,467</u>      | <u>1,489,664</u>                |
| <b>LIABILITIES</b>                 |                         |                       |                                 |
| Accounts payable                   | <u>10,570</u>           | <u>8,386</u>          | <u>-</u>                        |
| Total liabilities                  | <u>10,570</u>           | <u>8,386</u>          | <u>-</u>                        |
| <b>NET ASSETS</b>                  |                         |                       |                                 |
| Held in trust for pension benefits | <u>\$ 5,466,428</u>     | <u>\$ 2,823,081</u>   | <u>\$ 1,489,664</u>             |

Individual statements of the changes in pension fund net assets are as follows:

**City of Lake Mary, Florida**  
**Individual Statement of Changes in Pension Fund Net Assets**  
**Fiduciary Funds**  
**For the Year Ended September 30, 2004**

|   | Police Pension<br>Trust | Fire Pension<br>Trust | General<br>Employees<br>Pension |
|---|-------------------------|-----------------------|---------------------------------|
| <b>ADDITIONS</b>  |                         |                       |                                 |
| Contributions:  |                         |                       |                                 |
| City  | \$ 182,409              | \$ 190,162            | \$ 185,632                      |
| State   | 150,849                 | 98,438                | -                               |
| Employee  | 85,814                  | 58,611                | 8,064                           |
| Total contributions                                     | <u>419,072</u>          | <u>347,211</u>        | <u>193,696</u>                  |
| Investment earnings                                     |                         |                       |                                 |
| Interest  | 130,368                 | 65,435                | -                               |
| Net increase (decrease) in fair value<br>of investments | <u>344,422</u>          | <u>182,356</u>        | <u>110,412</u>                  |
| Net investment earnings                                 | <u>474,790</u>          | <u>247,791</u>        | <u>110,412</u>                  |
| Total additions   | <u>893,862</u>          | <u>595,002</u>        | <u>304,108</u>                  |
| <b>DEDUCTIONS</b>                                       |                         |                       |                                 |
| Benefit payments  | 167,687                 | 19,875                | 31,044                          |
| Refunds of contributions                                | 8,887                   | -                     | -                               |
| Administrative expenses                                 | <u>50,192</u>           | <u>33,187</u>         | <u>3,529</u>                    |
| Total deductions  | <u>226,766</u>          | <u>53,062</u>         | <u>34,573</u>                   |
| Change in net assets                                    | 667,096                 | 541,940               | 269,535                         |
| Net assets - beginning                                  | <u>4,799,332</u>        | <u>2,281,141</u>      | <u>1,220,129</u>                |
| Net assets - ending                                     | <u>\$ 5,466,428</u>     | <u>\$ 2,823,081</u>   | <u>\$ 1,489,664</u>             |

**NOTE 13 DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Because the plan assets are held in trust for the exclusive benefit of plan participants and their beneficiaries, the plan is not accounted for in the City's financial statements.

**NOTE 14 COMMITMENTS**

The City currently has a contract for construction of a new municipal complex with Duke Realty utilizing the build to suit concept of construction which was entered into August 15, 2003. This project is current under construction with a scheduled completion date of March 2005 for a 38,000 sq ft. municipal complex including a main fire station. The total amount of this contract is \$5,803,742 due at the completion of the project.

## **COMBINING AND INDIVIDUAL STATEMENTS AND SCHEDULES**



*This page intentionally left blank.*

# **Non-Major Governmental Funds**

## **SPECIAL REVENUE FUNDS**

POLICE EDUCATION FUND - This fund is used to account for the \$2.00 additional assessment on each traffic citation that is restricted for criminal justice education and training in accordance with Chapter 943.25, Florida Statutes.

IMPACT FEES FUNDS - These funds are used to account for impact fees levied on new development and are restricted for use in funding capital expenditures of the City that are directly related to new growth. Such capital expenditures must benefit the governmental activity for which collected, as indicated in the name of each fund; Police, Fire , Public Works, and Recreation.

LAW ENFORCEMENT TRUST FUND - This fund is used to account for revenue and expenditures to be used for School Resource Officer, crime prevention, drug education programs or other law enforcement purposes in accordance with Chapter 932.705 Florida Statutes.

STREET LIGHTING DISTRICT - This fund is used to account for the collection and disbursement of revenues for special street lighting districts within the City.

## **DEBT SERVICE FUNDS**

PIRRB SERIES 2003 - This fund accumulates funds for the retirement of debt related to the \$7,305,000 Public Improvement Refunding Revenue Bonds, Series 2003.

PIRB SERIES 1996 - This fund accumulates funds for the retirement of debt related to the \$3,740,000 Public Improvement Revenue Bonds, Series 1996.

**City of Lake Mary, Florida  
Combining Balance Sheet  
Nonmajor Governmental Funds  
As of September 30, 2004**

|                                      | Special Revenue             |                       |                     |                             |                           |
|--------------------------------------|-----------------------------|-----------------------|---------------------|-----------------------------|---------------------------|
|                                      | Police<br>Education<br>Fund | Police Impact<br>Fees | Fire Impact<br>Fees | Public Works<br>Impact Fees | Recreation<br>Impact Fees |
| <b>ASSETS</b>                        |                             |                       |                     |                             |                           |
| Current Assets:                      |                             |                       |                     |                             |                           |
| Cash and cash equivalents            | \$ 26,285                   | \$ 74,041             | \$ 49,001           | \$ 20,907                   | \$ 16,908                 |
| Investments                          | 53,960                      | 312,247               | 319,736             | 53,864                      | 69,943                    |
| Interest receivable                  | 242                         | 1,158                 | 1,097               | 222                         | 257                       |
| Unbilled service charges             | -                           | -                     | -                   | -                           | -                         |
| Assessments receivable               | -                           | -                     | -                   | -                           | -                         |
| Total Assets                         | <u>80,487</u>               | <u>387,446</u>        | <u>369,834</u>      | <u>74,993</u>               | <u>87,108</u>             |
| <b>LIABILITIES AND FUND BALANCES</b> |                             |                       |                     |                             |                           |
| Liabilities                          |                             |                       |                     |                             |                           |
| Accounts payable                     | 496                         | -                     | -                   | -                           | -                         |
| Unearned revenue                     | -                           | -                     | 24,884              | -                           | -                         |
| Total Liabilities                    | <u>496</u>                  | <u>-</u>              | <u>24,884</u>       | <u>-</u>                    | <u>-</u>                  |
| <b>FUND BALANCES</b>                 |                             |                       |                     |                             |                           |
| Reserved                             | -                           | -                     | -                   | -                           | -                         |
| Unreserved, undesignated             | 79,991                      | 387,446               | 344,950             | 74,993                      | 87,108                    |
| Total Fund Balance                   | <u>79,991</u>               | <u>387,446</u>        | <u>344,950</u>      | <u>74,993</u>               | <u>87,108</u>             |
| Total liabilities and fund balances  | <u>\$ 80,487</u>            | <u>\$ 387,446</u>     | <u>\$ 369,834</u>   | <u>\$ 74,993</u>            | <u>\$ 87,108</u>          |

|                       |                          |                     | Debt Service     |                   |                   | Total                       |
|-----------------------|--------------------------|---------------------|------------------|-------------------|-------------------|-----------------------------|
| Law Enforcement Trust | Street Lighting District | Total               | PIRB Series 1996 | PIRRB Series 2003 | Total             | Nonmajor Governmental Funds |
| \$ 36,066             | \$ 6,668                 | \$ 229,876          | \$ 29,147        | \$ 108,922        | \$ 138,069        | \$ 367,945                  |
| 126,793               | 2,468                    | 939,011             | -                | -                 | -                 | 939,011                     |
| 489                   | 28                       | 3,493               | -                | -                 | -                 | 3,493                       |
| -                     | 929                      | 929                 | -                | -                 | -                 | 929                         |
| -                     | 2,878                    | 2,878               | -                | -                 | -                 | 2,878                       |
| <u>163,348</u>        | <u>12,971</u>            | <u>1,176,187</u>    | <u>29,147</u>    | <u>108,922</u>    | <u>138,069</u>    | <u>1,314,256</u>            |
| -                     | -                        | 496                 | -                | -                 | -                 | 496                         |
| -                     | -                        | 24,884              | -                | -                 | -                 | 24,884                      |
| <u>-</u>              | <u>-</u>                 | <u>25,380</u>       | <u>-</u>         | <u>-</u>          | <u>-</u>          | <u>25,380</u>               |
| -                     | -                        | -                   | 29,147           | 108,922           | 138,069           | 138,069                     |
| <u>163,348</u>        | <u>12,971</u>            | <u>1,150,807</u>    | <u>-</u>         | <u>-</u>          | <u>-</u>          | <u>1,150,807</u>            |
| <u>163,348</u>        | <u>12,971</u>            | <u>1,150,807</u>    | <u>29,147</u>    | <u>108,922</u>    | <u>138,069</u>    | <u>1,288,876</u>            |
| <u>\$ 163,348</u>     | <u>\$ 12,971</u>         | <u>\$ 1,176,187</u> | <u>\$ 29,147</u> | <u>\$ 108,922</u> | <u>\$ 138,069</u> | <u>\$ 1,314,256</u>         |

**City of Lake Mary, Florida**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended September 30, 2004**

|  | Special Revenue Funds       |                       |                     |                             |                           |
|--|-----------------------------|-----------------------|---------------------|-----------------------------|---------------------------|
|  | Police<br>Education<br>Fund | Police Impact<br>Fees | Fire Impact<br>Fees | Public Works<br>Impact Fees | Recreation<br>Impact Fees |
| <b>REVENUES</b>  |                             |                       |                     |                             |                           |
| Impact fees/assessments  | \$ -                        | \$ 22,987             | \$ 29,565           | \$ 4,125                    | \$ 29,955                 |
| Fines and forfeitures  | 13,547                      | -                     | -                   | -                           | -                         |
| Investment income  | 1,154                       | 5,393                 | 5,224               | 1,321                       | 1,282                     |
| Total Revenues   | <u>14,701</u>               | <u>28,380</u>         | <u>34,789</u>       | <u>5,446</u>                | <u>31,237</u>             |
| <b>EXPENDITURES</b>  |                             |                       |                     |                             |                           |
| Current:   |                             |                       |                     |                             |                           |
| Public works   | -                           | -                     | -                   | 64,847                      | -                         |
| Public safety  | 4,762                       | 1,911                 | -                   | -                           | -                         |
| Parks and recreation   | -                           | -                     | -                   | -                           | 18,121                    |
| Debt service:  |                             |                       |                     |                             |                           |
| Principal  | -                           | -                     | -                   | -                           | -                         |
| Interest and other fiscal charges                              | -                           | -                     | -                   | -                           | -                         |
| Capital outlay   |                             |                       |                     |                             |                           |
| Public safety  | -                           | -                     | -                   | -                           | -                         |
| Total expenditures   | <u>4,762</u>                | <u>1,911</u>          | <u>-</u>            | <u>64,847</u>               | <u>18,121</u>             |
| Excess (deficiencies) of revenues<br>over (under) expenditures | <u>9,939</u>                | <u>26,469</u>         | <u>34,789</u>       | <u>(59,401)</u>             | <u>13,116</u>             |
| <b>OTHER FINANCING SOURCES (USES)</b>                          |                             |                       |                     |                             |                           |
| Transfers in   | -                           | -                     | -                   | -                           | -                         |
| Transfers out  | -                           | -                     | (22,500)            | -                           | (45,000)                  |
| Total Other Financing and (Uses)                               | <u>-</u>                    | <u>-</u>              | <u>(22,500)</u>     | <u>-</u>                    | <u>(45,000)</u>           |
| Net change in fund balances                                    | 9,939                       | 26,469                | 12,289              | (59,401)                    | (31,884)                  |
| Fund Balances - Beginning                                      | <u>70,052</u>               | <u>360,977</u>        | <u>332,661</u>      | <u>134,394</u>              | <u>118,992</u>            |
| Fund Balances - End  | <u>\$ 79,991</u>            | <u>\$ 387,446</u>     | <u>\$ 344,950</u>   | <u>\$ 74,993</u>            | <u>\$ 87,108</u>          |

|                       |                          |                     | Debt Service     |                   |                    | Total                       |
|-----------------------|--------------------------|---------------------|------------------|-------------------|--------------------|-----------------------------|
| Law Enforcement Trust | Street Lighting District | Total               | PIRB Series 1996 | PIRRB Series 2003 | Total              | Nonmajor Governmental Funds |
| \$ -                  | \$ 33,090                | \$ 119,722          | \$ -             | \$ -              | \$ -               | \$ 119,722                  |
| 11,392                | -                        | 24,939              | -                | -                 | -                  | 24,939                      |
| 2,206                 | 133                      | 16,713              | -                | -                 | -                  | 16,713                      |
| <u>13,598</u>         | <u>33,223</u>            | <u>161,374</u>      | <u>-</u>         | <u>-</u>          | <u>-</u>           | <u>161,374</u>              |
| -                     | -                        | 64,847              | -                | -                 | -                  | 64,847                      |
| 13,179                | -                        | 19,852              | -                | -                 | -                  | 19,852                      |
| -                     | -                        | 18,121              | -                | -                 | -                  | 18,121                      |
| -                     | -                        | -                   | 175,000          | 700,000           | 875,000            | 875,000                     |
| -                     | -                        | -                   | 132,127          | 251,671           | 383,798            | 383,798                     |
| 5,080                 | -                        | 5,080               | -                | -                 | -                  | 5,080                       |
| <u>18,259</u>         | <u>-</u>                 | <u>107,900</u>      | <u>307,127</u>   | <u>951,671</u>    | <u>1,258,798</u>   | <u>1,366,698</u>            |
| <u>(4,661)</u>        | <u>33,223</u>            | <u>53,474</u>       | <u>(307,127)</u> | <u>(951,671)</u>  | <u>(1,258,798)</u> | <u>(1,205,324)</u>          |
| -                     | -                        | -                   | 300,000          | 998,690           | 1,298,690          | 1,298,690                   |
| -                     | (33,250)                 | (100,750)           | -                | -                 | -                  | (100,750)                   |
| -                     | (33,250)                 | (100,750)           | 300,000          | 998,690           | 1,298,690          | 1,197,940                   |
| (4,661)               | (27)                     | (47,276)            | (7,127)          | 47,019            | 39,892             | (7,384)                     |
| 168,009               | 12,998                   | 1,198,083           | 36,274           | 61,903            | 98,177             | 1,296,260                   |
| <u>\$ 163,348</u>     | <u>\$ 12,971</u>         | <u>\$ 1,150,807</u> | <u>\$ 29,147</u> | <u>\$ 108,922</u> | <u>\$ 138,069</u>  | <u>\$ 1,288,876</u>         |

**City of Lake Mary, Florida  
Police Education Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Year Ended September 30, 2004**

|  | Budgeted Amounts        |                         | Actual<br>Amounts       | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|-------------------------|-------------------------|-------------------------|--|
|  | Original                | Final                   |                         |  |
| <b>REVENUES</b>  |                         |                         |                         |  |
| Fines and forfeitures  | \$ 12,000               | \$ 12,000               | \$ 13,547               | \$ 1,547   |
| Investment income  | 400                     | 400                     | 1,154                   | 754  |
| Total revenues   | <u>12,400</u>           | <u>12,400</u>           | <u>14,701</u>           | <u>2,301</u>   |
| <b>EXPENDITURES</b>  |                         |                         |                         |  |
| Current:   |                         |                         |                         |  |
| Public safety  | 8,500                   | 8,500                   | 4,762                   | 3,738  |
| Total expenditures   | <u>8,500</u>            | <u>8,500</u>            | <u>4,762</u>            | <u>3,738</u>   |
| Excess (deficiencies) of revenues<br>over (under) expenditures | <u>3,900</u>            | <u>3,900</u>            | <u>9,939</u>            | <u>6,039</u>   |
| Fund balances at beginning of year                             | <u>70,052</u>           | <u>70,052</u>           | <u>70,052</u>           | <u>-</u>   |
| Fund balances at end of year                                   | <u><u>\$ 73,952</u></u> | <u><u>\$ 73,952</u></u> | <u><u>\$ 79,991</u></u> | <u><u>\$ 6,039</u></u>                                       |

**City of Lake Mary, Florida**  
**Police Impact Fees Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2004**

|  | Budgeted Amounts  |                   | Actual<br>Amounts | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|-------------------|-------------------|-------------------|--|
|  | Original          | Final             |                   |  |
| <b>REVENUES</b>  |                   |                   |                   |  |
| Impact fees/assessments  | \$ 22,000         | \$ 24,500         | \$ 22,987         | \$ (1,513)   |
| Investment income  | 4,000             | 4,000             | 5,393             | 1,393  |
| Total revenues   | <u>26,000</u>     | <u>28,500</u>     | <u>28,380</u>     | <u>(120)</u>   |
| <b>EXPENDITURES</b>  |                   |                   |                   |  |
| Current:   |                   |                   |                   |  |
| Public safety  | -                 | 2,500             | 1,911             | 589  |
| Total expenditures   | <u>-</u>          | <u>2,500</u>      | <u>1,911</u>      | <u>589</u>   |
| Excess (deficiencies) of revenues<br>over (under) expenditures | <u>26,000</u>     | <u>26,000</u>     | <u>26,469</u>     | <u>469</u>   |
| Fund balances at beginning of year                             | <u>360,977</u>    | <u>360,977</u>    | <u>360,977</u>    | <u>-</u>   |
| Fund balances at end of year                                   | <u>\$ 386,977</u> | <u>\$ 386,977</u> | <u>\$ 387,446</u> | <u>\$ 469</u>  |

**City of Lake Mary, Florida**  
**Fire Impact Fees Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2004**

|  | Budgeted Amounts |                  | Actual<br>Amounts | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|------------------|------------------|-------------------|--|
|  | Original         | Final            |                   |  |
| <b>REVENUES</b>  |                  |                  |                   |  |
| Impact fees/assessments  | \$ 24,500        | \$ 24,500        | \$ 29,565         | \$ 5,065   |
| Investment income  | 2,300            | 2,300            | 5,224             | 2,924  |
| Total revenues   | <u>26,800</u>    | <u>26,800</u>    | <u>34,789</u>     | <u>7,989</u>   |
| <b>EXPENDITURES</b>  |                  |                  |                   |  |
| Current:   |                  |                  |                   |  |
| Public safety  | 242,000          | 242,000          | -                 | 242,000  |
| Total expenditures   | <u>242,000</u>   | <u>242,000</u>   | <u>-</u>          | <u>242,000</u>   |
| Excess (deficiencies) of revenues<br>over (under) expenditures | <u>(215,200)</u> | <u>(215,200)</u> | <u>34,789</u>     | <u>249,989</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                          |                  |                  |                   |  |
| Transfers out  | (22,500)         | (22,500)         | (22,500)          | -  |
| Total other financing sources and uses                         | <u>(22,500)</u>  | <u>(22,500)</u>  | <u>(22,500)</u>   | <u>-</u>   |
| Net change in fund balances                                    | <u>(237,700)</u> | <u>(237,700)</u> | 12,289            | 249,989  |
| Fund balances at beginning of year                             | 332,661          | 332,661          | 332,661           | -  |
| Fund balances at end of year                                   | <u>\$ 94,961</u> | <u>\$ 94,961</u> | <u>\$ 344,950</u> | <u>\$ 249,989</u>  |

**City of Lake Mary, Florida**  
**Public Works Impact Fees Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2004**

|  | Budgeted Amounts        |                         | Actual<br>Amounts       | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|-------------------------|-------------------------|-------------------------|--|
|  | Original                | Final                   |                         |  |
| <b>REVENUES</b>  |                         |                         |                         |  |
| Impact fees/assessments  | \$ 5,000                | \$ 5,000                | \$ 4,125                | \$ (875)   |
| Investment income  | 700                     | 700                     | 1,321                   | 621  |
| Total revenues   | <u>5,700</u>            | <u>5,700</u>            | <u>5,446</u>            | <u>(254)</u>   |
| <b>EXPENDITURES</b>  |                         |                         |                         |  |
| Current:   |                         |                         |                         |  |
| Public works   | <u>63,000</u>           | <u>64,847</u>           | <u>64,847</u>           | <u>-</u>   |
| Total expenditures   | <u>63,000</u>           | <u>64,847</u>           | <u>64,847</u>           | <u>-</u>   |
| Excess (deficiencies) of revenues<br>over (under) expenditures | <u>(57,300)</u>         | <u>(59,147)</u>         | <u>(59,401)</u>         | <u>(254)</u>   |
| Fund balances at beginning of year                             | <u>134,394</u>          | <u>134,394</u>          | <u>134,394</u>          | <u>-</u>   |
| Fund balances at end of year                                   | <u><u>\$ 77,094</u></u> | <u><u>\$ 75,247</u></u> | <u><u>\$ 74,993</u></u> | <u><u>\$ (254)</u></u>                                       |

**City of Lake Mary, Florida**  
**Recreation Impact Fees Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2004**

|  | Budgeted Amounts |                  | Actual<br>Amounts | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|------------------|------------------|-------------------|--|
|  | Original         | Final            |                   |  |
| <b>REVENUES</b>  |                  |                  |                   |  |
| Impact fees/assessments  | \$ 25,000        | \$ 25,000        | \$ 29,955         | \$ 4,955   |
| Investment income  | 650              | 650              | 1,282             | 632  |
| Total revenues   | <u>25,650</u>    | <u>25,650</u>    | <u>31,237</u>     | <u>5,587</u>   |
| <b>EXPENDITURES</b>  |                  |                  |                   |  |
| Current:   |                  |                  |                   |  |
| Parks and recreation   | 25,000           | 25,000           | 18,121            | 6,879  |
| Total expenditures   | <u>25,000</u>    | <u>25,000</u>    | <u>18,121</u>     | <u>6,879</u>   |
| Excess (deficiencies) of revenues<br>over (under) expenditures | <u>650</u>       | <u>650</u>       | <u>13,116</u>     | <u>(1,292)</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                          |                  |                  |                   |  |
| Transfers out  | (45,000)         | (45,000)         | (45,000)          | -  |
| Total other financing sources and uses                         | <u>(45,000)</u>  | <u>(45,000)</u>  | <u>(45,000)</u>   | <u>-</u>   |
| Net change in fund balances                                    | (44,350)         | (44,350)         | (31,884)          | (1,292)  |
| Fund balances at beginning of year                             | 118,992          | 118,992          | 118,992           | -  |
| Fund balances at end of year                                   | <u>\$ 74,642</u> | <u>\$ 74,642</u> | <u>\$ 87,108</u>  | <u>\$ (1,292)</u>  |

**City of Lake Mary, Florida**  
**Law Enforcement Trust Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2004**

|  | Budgeted Amounts  |                   | Actual<br>Amounts | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|-------------------|-------------------|-------------------|--|
|  | Original          | Final             |                   |  |
| <b>REVENUES</b>  |                   |                   |                   |  |
| Fines and forfeitures  | \$ -              | \$ 1,500          | \$ 11,392         | \$ 9,892   |
| Investment income  | 700               | 700               | 2,206             | 1,506  |
| Total revenues   | <u>700</u>        | <u>2,200</u>      | <u>13,598</u>     | <u>11,398</u>  |
| <b>EXPENDITURES</b>  |                   |                   |                   |  |
| Current:   |                   |                   |                   |  |
| Public safety  | <u>19,750</u>     | <u>21,250</u>     | <u>18,259</u>     | <u>2,991</u>   |
| Total expenditures   | <u>19,750</u>     | <u>21,250</u>     | <u>18,259</u>     | <u>2,991</u>   |
| Excess (deficiencies) of revenues<br>over (under) expenditures | <u>(19,050)</u>   | <u>(19,050)</u>   | <u>(4,661)</u>    | <u>14,389</u>  |
| Fund balances at beginning of year                             | <u>168,009</u>    | <u>168,009</u>    | <u>168,009</u>    | <u>-</u>   |
| Fund balances at end of year                                   | <u>\$ 148,959</u> | <u>\$ 148,959</u> | <u>\$ 163,348</u> | <u>\$ 14,389</u>   |

**City of Lake Mary, Florida**  
**Street Lighting Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2004**

|  | Budgeted Amounts |                  | Actual<br>Amounts | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|------------------|------------------|-------------------|--|
|  | Original         | Final            |                   |  |
| <b>REVENUES</b>  |                  |                  |                   |  |
| Impact fees/assessments  | \$ 33,250        | \$ 33,250        | \$ 33,090         | \$ (160)   |
| Investment income  | 75               | 75               | 133               | 58   |
| Total revenues   | <u>33,325</u>    | <u>33,325</u>    | <u>33,223</u>     | <u>(102)</u>   |
| <b>EXPENDITURES</b>  |                  |                  |                   |  |
| Current:   |                  |                  |                   |  |
| General government   | -                | -                | -                 | -  |
| Total expenditures   | -                | -                | -                 | -  |
| Excess (deficiencies) of revenues<br>over (under) expenditures | <u>33,325</u>    | <u>33,325</u>    | <u>33,223</u>     | <u>(102)</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                          |                  |                  |                   |  |
| Transfers out  | (33,250)         | (33,250)         | (33,250)          | -  |
| Total other financing sources and uses                         | <u>(33,250)</u>  | <u>(33,250)</u>  | <u>(33,250)</u>   | <u>-</u>   |
| Net change in fund balances                                    | 75               | 75               | (27)              | (102)  |
| Fund balances at beginning of year                             | 12,998           | 12,998           | 12,998            | -  |
| Fund balances at end of year                                   | <u>\$ 13,073</u> | <u>\$ 13,073</u> | <u>\$ 12,971</u>  | <u>\$ (102)</u>  |

## **Fiduciary Funds**

### PENSION TRUST FUNDS

Police, Firefighter and General Employees' Pension Funds - These funds are used to account for the accumulation of resources to be used for retirement annuity payments at the appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law and by the City and the State at amounts determined by an annual actuarial study

**City of Lake Mary, Florida**  
**Combining Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**As of September 30, 2004**

|                                    | Police Pension<br>Trust | Fire Pension<br>Trust | General<br>Employees<br>Pension | Total Employee<br>Pension Funds |
|------------------------------------|-------------------------|-----------------------|---------------------------------|---------------------------------|
| <b>ASSETS</b>                      |                         |                       |                                 |                                 |
| Cash and cash equivalents          | \$ 328,101              | \$ 285,180            | \$ -                            | \$ 613,281                      |
| Receivables:                       |                         |                       |                                 |                                 |
| Interest receivable                | 16,392                  | 9,633                 | -                               | 26,025                          |
| Notes receivable - employees       | -                       | -                     | 55,917                          | 55,917                          |
| Contributions receivable - city    | -                       | -                     | 10,445                          | 10,445                          |
| Contributions receivable - state   | -                       | 35,384                | -                               | 35,384                          |
| Total receivables                  | <u>16,392</u>           | <u>45,017</u>         | <u>66,362</u>                   | <u>127,771</u>                  |
| Investments at fair value          |                         |                       |                                 |                                 |
| Domestic corporate bonds           | 1,569,337               | 1,006,864             | -                               | 2,576,201                       |
| Domestic stocks                    | 3,336,316               | 1,437,629             | -                               | 4,773,945                       |
| Other securities                   | 226,852                 | 56,777                | 1,423,302                       | 1,706,931                       |
| Total investments                  | <u>5,132,505</u>        | <u>2,501,270</u>      | <u>1,423,302</u>                | <u>9,057,077</u>                |
| Total assets                       | <u>5,476,998</u>        | <u>2,831,467</u>      | <u>1,489,664</u>                | <u>9,798,129</u>                |
| <b>LIABILITIES</b>                 |                         |                       |                                 |                                 |
| Accounts payable                   | <u>10,570</u>           | <u>8,386</u>          | <u>-</u>                        | <u>18,956</u>                   |
| Total liabilities                  | <u>10,570</u>           | <u>8,386</u>          | <u>-</u>                        | <u>18,956</u>                   |
| <b>NET ASSETS</b>                  |                         |                       |                                 |                                 |
| Held in trust for pension benefits | <u>\$ 5,466,428</u>     | <u>\$ 2,823,081</u>   | <u>\$ 1,489,664</u>             | <u>\$ 9,779,173</u>             |

**City of Lake Mary, Florida**  
**Combining Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended September 30, 2004**

|   | Police Pension<br>Trust | Fire Pension<br>Trust | General<br>Employees<br>Pension | Total Employee<br>Pension Funds |
|---|-------------------------|-----------------------|---------------------------------|---------------------------------|
| <b>ADDITIONS</b>  |                         |                       |                                 |                                 |
| Contributions:  |                         |                       |                                 |                                 |
| City  | \$ 182,409              | \$ 190,162            | \$ 185,632                      | \$ 558,203                      |
| State   | 150,849                 | 98,438                | -                               | 249,287                         |
| Employee  | 85,814                  | 58,611                | 8,064                           | 152,489                         |
| Total contributions                                     | <u>419,072</u>          | <u>347,211</u>        | <u>193,696</u>                  | <u>959,979</u>                  |
| Investment earnings                                     |                         |                       |                                 |                                 |
| Interest  | 130,368                 | 65,435                | -                               | 195,803                         |
| Net increase (decrease) in fair value<br>of investments | <u>344,422</u>          | <u>182,356</u>        | <u>110,412</u>                  | <u>637,190</u>                  |
| Net investment earnings                                 | <u>474,790</u>          | <u>247,791</u>        | <u>110,412</u>                  | <u>832,993</u>                  |
| Total additions   | <u>893,862</u>          | <u>595,002</u>        | <u>304,108</u>                  | <u>1,792,972</u>                |
| <b>DEDUCTIONS</b>                                       |                         |                       |                                 |                                 |
| Benefit payments  | 167,687                 | 19,875                | 31,044                          | 218,606                         |
| Refunds of contributions                                | 8,887                   | -                     | -                               | 8,887                           |
| Administrative expenses                                 | <u>50,192</u>           | <u>33,187</u>         | <u>3,529</u>                    | <u>86,908</u>                   |
| Total deductions  | <u>226,766</u>          | <u>53,062</u>         | <u>34,573</u>                   | <u>314,401</u>                  |
| Change in net assets                                    | 667,096                 | 541,940               | 269,535                         | 1,478,571                       |
| Net assets - beginning                                  | <u>4,799,332</u>        | <u>2,281,141</u>      | <u>1,220,129</u>                | <u>8,300,602</u>                |
| Net assets - ending                                     | <u>\$ 5,466,428</u>     | <u>\$ 2,823,081</u>   | <u>\$ 1,489,664</u>             | <u>\$ 9,779,173</u>             |



*This page intentionally left blank.*

**CAPITAL ASSETS**  
**USED IN THE OPERATION**  
**OF GOVERNMENTAL FUNDS**



*This page intentionally left blank.*

**City of Lake Mary**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Comparative Schedules By Source<sup>1</sup>**  
**September 30, 2004 and 2003**

---

|   | <u>2004</u>          | <u>2003</u>          |
|---|----------------------|----------------------|
| Governmental funds capital assets:                          |                      |                      |
| Land  | \$ 6,318,352         | \$ 6,318,352         |
| Buildings   | 11,666,305           | 9,581,246            |
| Improvements other than buildings                           | 2,864,247            | 2,261,130            |
| Machinery & Equipment                                       | 1,402,538            | 1,211,568            |
| Infrastructure  | 685,283              | -                    |
| Construction in progress                                    | 657,820              | 1,007,611            |
| Total governmental funds capital assets                     | <u>\$ 23,594,545</u> | <u>\$ 20,379,907</u> |
| Investments in governmental funds capital assets by source: |                      |                      |
| General fund  | \$ 13,405,371        | \$ 11,146,415        |
| Special revenue funds                                       | 474,456              | 469,376              |
| Special revenue bonds                                       | 6,971,500            | 6,911,756            |
| Grants  | 426,310              | 426,310              |
| Contributions   | 2,316,908            | 1,426,050            |
| Total governmental funds capital assets                     | <u>\$ 23,594,545</u> | <u>\$ 20,379,907</u> |

<sup>1</sup> 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. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

**City Of Lake Mary**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes By Function and Activity<sup>1</sup>**  
**For the fiscal year ended September 30, 2004**

| <u>Function and Activity</u>            | <u>Governmental<br/>Funds Capital<br/>Assets<br/>10/01/03</u> | <u>Additions</u>    | <u>Deletions</u>    | <u>Governmental<br/>Funds Capital<br/>Assets<br/>09/30/04</u> |
|---|---|---------------------|---------------------|---|
| General Government:                     |   |                     |                     |   |
| Other Services                          | \$ 3,016,189  | \$ 6,011,568        | \$ 3,624,613        | \$ 5,403,144  |
| Records administration                  | 8,020   | -                   | -                   | 8,020   |
| Community Development                   | 159,199   | -                   | 143,180             | 16,019  |
| Finance                                 | 17,635  | -                   | -                   | 17,635  |
| Total General Government                | <u>3,201,043</u>  | <u>6,011,568</u>    | <u>3,767,793</u>    | <u>5,444,818</u>  |
| Public Works:                           |   |                     |                     |   |
| Administration/Engineering              | 763,739   | -                   | -                   | 763,739   |
| Streets/Sidewalks/Drainage              | 484,921   | 719,473             | 18,019              | 1,186,375   |
| Total Public Works                      | <u>1,248,660</u>  | <u>719,473</u>      | <u>18,019</u>       | <u>1,950,114</u>  |
| Public Safety                           |   |                     |                     |   |
| Police                                  | 6,029,000   | 5,080               | -                   | 6,034,080   |
| Support Services                        | 208,627   | -                   | -                   | 208,627   |
| Fire                                    | 1,257,962   | 92,811              | -                   | 1,350,773   |
| Total Public Safety                     | <u>7,495,589</u>  | <u>97,891</u>       | <u>-</u>            | <u>7,593,480</u>  |
| Parks and Recreation                    | <u>8,434,615</u>  | <u>431,389</u>      | <u>259,871</u>      | <u>8,606,133</u>  |
| Total governmental funds capital assets | <u>\$ 20,379,907</u>  | <u>\$ 7,260,321</u> | <u>\$ 4,045,683</u> | <u>\$ 23,594,545</u>  |

<sup>1</sup>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. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

**City Of Lake Mary**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule By Function and Activity<sup>1</sup>**  
**September 30, 2004**

| Function and Activity                          | Land                | Buildings            | Improvements<br>Other Than<br>Buildings | Machinery<br>and<br>Equipment | Infra-<br>structure | Construction<br>in<br>Progress | Total                |
|--|---------------------|----------------------|---|-------------------------------|---------------------|--------------------------------|----------------------|
| <b>General Government:</b>                     |                     |                      |   |                               |                     |                                |                      |
| Other Services                                 | \$ 1,457,766        | \$ 3,337,432         | \$ 365,925                              | \$ 242,021                    | \$ -                | \$ -                           | \$ 5,403,144         |
| Records administration                         | -                   | -                    | -                                       | 8,020                         | -                   | -                              | 8,020                |
| Community Development                          | -                   | -                    | -                                       | 16,019                        | -                   | -                              | 16,019               |
| Finance  | -                   | -                    | -                                       | 17,635                        | -                   | -                              | 17,635               |
| <b>Total General Government</b>                | <b>1,457,766</b>    | <b>3,337,432</b>     | <b>365,925</b>                          | <b>283,695</b>                | <b>-</b>            | <b>-</b>                       | <b>5,444,818</b>     |
| <b>Public Works:</b>                           |                     |                      |   |                               |                     |                                |                      |
| Administration/Engineering                     | 50,300              | 690,941              | 9,808                                   | 12,690                        | -                   | -                              | 763,739              |
| Streets/Sidewalks/Drainage                     | -                   | -                    | -                                       | 5,848                         | 685,283             | 495,244                        | 1,186,375            |
| <b>Total Public Works</b>                      | <b>50,300</b>       | <b>690,941</b>       | <b>9,808</b>                            | <b>18,538</b>                 | <b>685,283</b>      | <b>495,244</b>                 | <b>1,950,114</b>     |
| <b>Public Safety</b>                           |                     |                      |   |                               |                     |                                |                      |
| Police   | 522,692             | 5,046,748            | -                                       | 464,640                       | -                   | -                              | 6,034,080            |
| Support Services                               | -                   | -                    | -                                       | 208,627                       | -                   | -                              | 208,627              |
| Fire   | -                   | 1,055,075            | -                                       | 133,122                       | -                   | 162,576                        | 1,350,773            |
| <b>Total Public Safety</b>                     | <b>522,692</b>      | <b>6,101,823</b>     | <b>-</b>                                | <b>806,389</b>                | <b>-</b>            | <b>162,576</b>                 | <b>7,593,480</b>     |
| <b>Parks and Recreation</b>                    | <b>4,287,594</b>    | <b>1,536,109</b>     | <b>2,488,514</b>                        | <b>293,916</b>                | <b>-</b>            | <b>-</b>                       | <b>8,606,133</b>     |
| <b>Total governmental funds capital assets</b> | <b>\$ 6,318,352</b> | <b>\$ 11,666,305</b> | <b>\$ 2,864,247</b>                     | <b>\$ 1,402,538</b>           | <b>\$ 685,283</b>   | <b>\$ 657,820</b>              | <b>\$ 23,594,545</b> |

<sup>1</sup>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. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.



*This page intentionally left blank.*

## **STATISTICAL SECTION**

Statistical tables differ from financial statements because they usually cover more than one fiscal year and may present nonaccounting data, financial trends and the fiscal capacity of the governments.

There are no limitations placed upon the amount of debt the City of Lake Mary may issue by either the City Charter or the City's Code of Ordinances or by Florida Statutes.

The City of Lake Mary has no general obligation bonds outstanding.

**City of Lake Mary, Florida  
Government Wide Expenses by Function  
Last Ten Fiscal Years**

---

| <u>Fiscal Year</u> | <u>General Government</u> | <u>Public Works</u> | <u>Public Safety</u> | <u>Parks &amp; Recreation</u> | <u>Interest on Long Term Debt</u> | <u>Water and Sewer</u> | <u>Storm-water</u> | <u>Total</u>  |
|--------------------|---------------------------|---------------------|----------------------|-------------------------------|-----------------------------------|------------------------|--------------------|---------------|
| 1995               | *                         | *                   | *                    | *                             | *                                 | *                      | *                  | *             |
| 1996               | *                         | *                   | *                    | *                             | *                                 | *                      | *                  | *             |
| 1997               | *                         | *                   | *                    | *                             | *                                 | *                      | *                  | *             |
| 1998               | *                         | *                   | *                    | *                             | *                                 | *                      | *                  | *             |
| 1999               | *                         | *                   | *                    | *                             | *                                 | *                      | *                  | *             |
| 2000               | *                         | *                   | *                    | *                             | *                                 | *                      | *                  | *             |
| 2001               | *                         | *                   | *                    | *                             | *                                 | *                      | *                  | *             |
| 2002               | \$ 1,728,029              | \$ 719,069          | \$ 6,192,797         | \$ 1,231,011                  | \$ 344,658                        | \$ 1,969,103           | \$ 121,878         | \$ 12,306,545 |
| 2003               | 2,266,186                 | 815,752             | 6,545,875            | 2,189,757                     | 322,172                           | 2,113,585              | 160,571            | 14,413,898    |
| 2004               | 3,186,933                 | 2,986,789           | 7,402,025            | 1,598,395                     | 389,267                           | 2,478,702              | 238,805            | 18,280,916    |

\* Data not available prior to the implementation of GASB Statement No. 34.

**City of Lake Mary, Florida  
Government Wide Revenues  
Last Ten Fiscal Years**

| Fiscal Year | PROGRAM REVENUES     |                                    |                                  | GENERAL REVENUES |                            |                     |                                |               | Total         |
|-------------|----------------------|------------------------------------|----------------------------------|------------------|----------------------------|---------------------|--------------------------------|---------------|---------------|
|             | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Taxes            | Intergovernmental Revenues | Investment Earnings | Gain on Sale of Capital Assets | Miscellaneous |               |
| 1995        | *                    | *                                  | *                                | *                | *                          | *                   | *                              | *             | *             |
| 1996        | *                    | *                                  | *                                | *                | *                          | *                   | *                              | *             | *             |
| 1997        | *                    | *                                  | *                                | *                | *                          | *                   | *                              | *             | *             |
| 1998        | *                    | *                                  | *                                | *                | *                          | *                   | *                              | *             | *             |
| 1999        | *                    | *                                  | *                                | *                | *                          | *                   | *                              | *             | *             |
| 2000        | *                    | *                                  | *                                | *                | *                          | *                   | *                              | *             | *             |
| 2001        | *                    | *                                  | *                                | *                | *                          | *                   | *                              | *             | *             |
| 2002        | \$ 4,925,538         | \$ 642,051                         | \$ 394,925                       | \$ 9,035,054     | \$ 901,025                 | \$ 909,312          | \$ (45)                        | \$ 52,173     | \$ 16,860,033 |
| 2003        | 5,121,905            | 664,810                            | 941,381                          | 9,745,014        | 971,765                    | 529,570             | 522                            | 68,693        | 18,043,660    |
| 2004        | 5,258,080            | 2,771,825                          | 2,058,071                        | 11,128,528       | 1,063,562                  | 437,076             | 328                            | 80,393        | 22,797,863    |

\* Data not available prior to the implementation of GASB Statement No. 34.

**City of Lake Mary, Florida**  
**General Governmental Expenditures by Function <sup>1</sup>**  
**Last Ten Fiscal Years**

| Fiscal<br>Year Ended<br>September 30, | General<br>Government  | Public<br>Works | Public<br>Safety       | Parks and<br>Recreation | Capital<br>Outlay | Debt<br>Service        | Transfers | Totals       |
|---------------------------------------|------------------------|-----------------|------------------------|-------------------------|-------------------|------------------------|-----------|--------------|
| 1995                                  | \$ 1,038,415           | \$ 377,274      | \$ 2,201,933           | \$ 487,378              | \$ 316,791        | \$ 867,393             | \$ 17,796 | \$ 5,306,980 |
| 1996                                  | 1,097,323              | 372,408         | 2,352,431              | 563,999                 | 1,165,593         | 596,098                | 18,334    | 6,166,186    |
| 1997                                  | 1,277,331              | 459,520         | 2,442,029              | 566,092                 | 1,145,437         | 809,075                | 18,000    | 6,717,484    |
| 1998                                  | 1,541,845              | 452,082         | 2,624,842              | 620,015                 | 5,284,334         | 815,235                | 18,000    | 11,356,353   |
| 1999                                  | 1,856,660              | 467,308         | 2,954,702              | 765,152                 | 5,594,621         | 807,541                | 44,945    | 12,490,929   |
| 2000                                  | 1,406,799 <sup>2</sup> | 532,084         | 4,309,309 <sup>2</sup> | 1,043,433               | 3,405,444         | 810,796                | 40,500    | 11,548,369   |
| 2001                                  | 1,642,899              | 540,244         | 5,280,083              | 1,287,950               | 3,409,337         | 812,905                | 22,500    | 12,995,918   |
| 2002                                  | 1,569,277              | 675,656         | 5,606,139              | 1,163,338               | 497,047           | 4,559,789 <sup>3</sup> | 22,500    | 14,093,746   |
| 2003                                  | 2,200,548              | 816,073         | 6,333,403              | 1,301,147               | 1,147,250         | 4,121,498 <sup>3</sup> | 22,500    | 15,942,419   |
| 2004                                  | 2,251,669              | 2,958,183       | 6,757,233              | 1,379,673               | 3,316,824         | 1,258,798              | 22,500    | 17,944,880   |

Source: City of Lake Mary Finance Department

<sup>1</sup> Includes general, special revenue, debt service and capital projects funds, after elimination of transfers between these funds

<sup>2</sup> Building Inspection expenditures were reclassified from General Government to Public Safety in fiscal year 2000.

<sup>3</sup> Fiscal years 2002 and 2003 include bond issuance costs and payments to refunding bond escrow agents of \$3,898,000 and \$3,327,602, respectively.

**City of Lake Mary, Florida**  
**General Governmental Revenues by Source** <sup>1</sup>  
**Last Ten Fiscal Years**

| Fiscal<br>Year Ended<br>September 30, | Property<br>Taxes | Franchise<br>& Utility<br>Taxes | Licenses<br>and<br>Permits | Fines<br>and<br>Forfeitures | Intergovern-<br>mental | Charges<br>for<br>Service | Other<br>Sources       | Operating<br>Transfers | Totals       |
|---------------------------------------|-------------------|---------------------------------|----------------------------|-----------------------------|------------------------|---------------------------|------------------------|------------------------|--------------|
| 1995                                  | \$ 1,923,359      | \$ 1,645,801                    | \$ 271,363                 | \$ 231,307                  | \$ 589,285             | \$ 164,878                | \$ 184,066             | \$ 331,199             | \$ 5,341,258 |
| 1996                                  | 2,013,098         | 1,935,983                       | 483,982                    | 139,429                     | 654,796                | 166,098                   | 247,765                | 381,736                | 6,022,887    |
| 1997                                  | 2,140,617         | 2,085,121                       | 1,061,415                  | 137,879                     | 688,523                | 218,201                   | 333,309                | 372,500                | 7,037,565    |
| 1998                                  | 2,397,055         | 2,578,276                       | 808,395                    | 179,688                     | 806,692                | 175,084                   | 441,846                | 360,000                | 7,747,036    |
| 1999                                  | 2,922,825         | 3,065,631                       | 1,048,959                  | 211,653                     | 970,192                | 199,809                   | 241,652                | 375,000                | 9,035,721    |
| 2000                                  | 3,509,896         | 3,520,841                       | 680,033                    | 224,222                     | 1,077,646              | 206,344                   | 571,631                | 410,000                | 10,200,613   |
| 2001                                  | 4,032,872         | 3,690,398                       | 668,079                    | 203,608                     | 1,390,174              | 332,089                   | 904,812                | 435,000                | 11,657,032   |
| 2002                                  | 4,614,641         | 4,420,413                       | 529,114                    | 255,967                     | 1,670,046              | 544,759                   | 4,371,502 <sup>2</sup> | 475,000                | 16,881,444   |
| 2003                                  | 5,038,191         | 4,706,823                       | 669,431                    | 285,272                     | 2,114,774              | 636,896                   | 7,758,708 <sup>2</sup> | 550,000                | 21,760,097   |
| 2004                                  | 6,055,948         | 5,072,580                       | 734,973                    | 245,252                     | 1,823,260              | 552,165                   | 419,208                | 625,000                | 15,528,386   |

Source: City of Lake Mary Finance Department

<sup>1</sup> Includes general, special revenue, debt service and capital projects funds, after elimination of transfers between funds.

<sup>2</sup> Fiscal years 2002 and 2003 include proceeds from debt refundings of \$3,790,000 and \$7,305,000 respectively.

**City of Lake Mary, Florida  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

| Fiscal<br>Year Ended<br>September 30, | Total<br>Tax<br>Levy (1) | Current<br>Tax<br>Collections | Percent<br>Of Levy<br>Collected | Delinquent<br>Taxes<br>Collected | Total<br>Tax<br>Collections | Percent Of<br>Total Tax<br>Collected To<br>Current Levy |
|---------------------------------------|--------------------------|-------------------------------|---------------------------------|----------------------------------|-----------------------------|---|
| 1995                                  | \$ 1,943,472             | \$ 1,923,234                  | 98.96%                          | \$ 125                           | \$ 1,923,359                | 98.97%  |
| 1996                                  | 2,043,056                | 2,002,741                     | 98.03%                          | 10,357                           | 2,013,098                   | 98.53%  |
| 1997                                  | 2,184,785                | 2,137,140                     | 97.82%                          | 3,477                            | 2,140,617                   | 97.98%  |
| 1998                                  | 2,465,318                | 2,388,126                     | 96.87%                          | 8,924                            | 2,397,050                   | 97.23%  |
| 1999                                  | 3,008,070                | 2,919,134                     | 97.04%                          | 3,691                            | 2,922,825                   | 97.17%  |
| 2000                                  | 3,629,756                | 3,506,671                     | 96.61%                          | 3,225                            | 3,509,896                   | 96.70%  |
| 2001                                  | 4,246,830                | 4,021,066                     | 94.68%                          | 11,806                           | 4,032,872                   | 94.96%  |
| 2002                                  | 4,781,087                | 4,546,725                     | 95.10%                          | 67,916                           | 4,614,641                   | 96.52%  |
| 2003                                  | 5,403,972                | 5,026,009                     | 93.01%                          | 12,182                           | 5,038,191                   | 93.23%  |
| 2004                                  | 6,158,068                | 5,884,394                     | 95.56%                          | 171,554                          | 6,055,948                   | 98.34%  |

(1) Gross taxes before discounts.

(2) City property taxes are collected by Seminole County. Delinquent receivable information is not available.

**City of Lake Mary, Florida**  
**Assessed and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(in thousands of Dollars)**

| Fiscal<br>Year | Real Property     |                           | Personal Property |                           | Centrally<br>Assessed Property |                           | Total             |                           | Ratio of Total<br>Assessed<br>to Total<br>Estimated<br>Actual Value |
|----------------|-------------------|---------------------------|-------------------|---------------------------|--------------------------------|---------------------------|-------------------|---------------------------|---|
|                | Assessed<br>Value | Estimated<br>Actual Value | Assessed<br>Value | Estimated<br>Actual Value | Assessed<br>Value              | Estimated<br>Actual Value | Assessed<br>Value | Estimated<br>Actual Value |   |
|                | 1995              | 443,026                   | 443,026           | 88,780                    | 88,780                         | 375                       | 375               | 532,181                   |   |
| 1996           | 458,651           | 458,651                   | 93,773            | 93,773                    | 321                            | 321                       | 552,745           | 552,745                   | 100.0%  |
| 1997           | 488,578           | 488,578                   | 91,402            | 91,402                    | 338                            | 338                       | 580,318           | 580,318                   | 100.0%  |
| 1998           | 549,899           | 549,899                   | 112,763           | 112,763                   | 523                            | 523                       | 663,185           | 663,185                   | 100.0%  |
| 1999           | 635,084           | 635,084                   | 167,499           | 167,499                   | 451                            | 451                       | 803,034           | 803,034                   | 100.0%  |
| 2000           | 762,432           | 762,432                   | 208,570           | 208,570                   | 511                            | 511                       | 971,513           | 971,513                   | 100.0%  |
| 2001           | 874,776           | 874,776                   | 255,624           | 255,624                   | 489                            | 489                       | 1,130,889         | 1,130,889                 | 100.0%  |
| 2002           | 1,002,891         | 1,002,891                 | 272,098           | 272,098                   | 437                            | 437                       | 1,275,426         | 1,275,426                 | 100.0%  |
| 2003           | 1,168,066         | 1,168,066                 | 262,848           | 262,848                   | 447                            | 447                       | 1,431,361         | 1,431,361                 | 100.0%  |
| 2004           | 1,260,846         | 1,260,846                 | 283,298           | 283,298                   | 690                            | 690                       | 1,544,834         | 1,544,834                 | 100.0%  |

Source - Seminole County Property Appraiser's Office

**City of Lake Mary, Florida**  
**Property Tax Rates and Tax Levies Per \$1,000 of Assessed Valuation**  
**All Direct and Overlapping Governments**  
**Last Ten Fiscal Years**

| Fiscal<br>Year Ended<br>September 30, | Tax<br>Roll | City of<br>Lake Mary | Seminole<br>County | School<br>Board | St. Johns<br>River Water<br>Management<br>District | Total<br>Direct and<br>Overlapping<br>Millage |
|---------------------------------------|-------------|----------------------|--------------------|-----------------|--|---|
| 1995                                  | 1994        | 3.7648               | 5.3622             | 10.093          | 0.482  | 19.7020                                       |
| 1996                                  | 1995        | 3.7648               | 5.3772             | 10.337          | 0.482  | 19.9610                                       |
| 1997                                  | 1996        | 3.7648               | 5.3889             | 10.308          | 0.482  | 19.9437                                       |
| 1998                                  | 1997        | 3.7648               | 5.3625             | 10.036          | 0.482  | 19.6453                                       |
| 1999                                  | 1998        | 3.7648               | 5.2813             | 9.918           | 0.482  | 19.4461                                       |
| 2000                                  | 1999        | 3.7648               | 5.1159             | 9.541           | 0.482  | 18.9037                                       |
| 2001                                  | 2000        | 3.7648               | 5.1072             | 9.345           | 0.462  | 18.6790                                       |
| 2002                                  | 2001        | 3.7648               | 5.2197             | 9.162           | 0.462  | 18.6085                                       |
| 2003                                  | 2002        | 3.7648               | 5.2075             | 9.000           | 0.462  | 18.4343                                       |
| 2004                                  | 2003        | 3.9998               | 5.1899             | 8.736           | 0.462  | 18.3877                                       |

Source - Seminole County Property Appraiser's Office

**City of Lake Mary, Florida**  
**Schedule of Principal Taxpayers**  
**September 30, 2004**

The ten largest taxpayers in the City of Lake Mary are:

|     | Taxpayer                        | Taxable Assessed<br>Valuation As Of<br>2003 Tax Roll (1) | Amount<br>Of Tax    | Percent<br>Of Total<br>Taxable<br>Value |
|-----|---------------------------------|--|---------------------|---|
| 1)  | Nextel South Corp - FL9007      | \$ 53,423,535  | \$ 213,683          | 3.46 %                                  |
| 2)  | Colonial Realty, LP             | 51,994,292   | 207,967             | 3.37 %                                  |
| 3)  | Crescent Resources Inc          | 38,451,048   | 153,797             | 2.49 %                                  |
| 4)  | Koger Equity Inc                | 29,101,120   | 116,399             | 1.88 %                                  |
| 5)  | Siemens Carrier Networks, LLC   | 28,498,176   | 113,987             | 1.85 %                                  |
| 6)  | Sun Life Assurance Co of Canada | 26,357,748   | 105,426             | 1.71 %                                  |
| 7)  | Duke-Weeks, Realty, LP          | 23,208,971   | 92,831              | 1.50 %                                  |
| 8)  | Cingular Wireless               | 21,500,423   | 85,997              | 1.39 %                                  |
| 9)  | North Point LP                  | 20,777,922   | 83,108              | 1.35 %                                  |
| 10) | Golfview Apts Assoc. Ltd        | <u>18,162,755</u>  | <u>72,647</u>       | <u>1.18 %</u>                           |
|     | Total For Principal Taxpayers   | 311,475,990  | 1,245,842           | 20.17 %                                 |
|     | Total For All Other Taxpayers   | <u>1,233,358,191</u>                                     | <u>4,933,186</u>    | <u>79.83 %</u>                          |
|     | Total                           | <u>\$ 1,544,834,181</u>                                  | <u>\$ 6,179,028</u> | <u>100.00 %</u>                         |

Source:

Data supplied by the Seminole County Property Appraiser's Office.

Note:

(1) The tax levy for the fiscal year ended September 30, 2004 is based on the 2003 taxable value.

**City of Lake Mary, Florida**  
**Computation of Direct and Overlapping General Obligation Debt**  
**September 30, 2004**

| Governmental Unit                                | Direct and<br>Overlapping<br>Debt | Applicable to<br>City of Lake Mary |                     |
|--|-----------------------------------|------------------------------------|---------------------|
|  |                                   | Percent (1)                        | Amount              |
| Direct Debt:                                     |                                   |                                    |                     |
| City of Lake Mary General<br>Obligation Debt (2) | \$ -                              | 100.00%                            | \$ -                |
| Overlapping Debt:                                |                                   |                                    |                     |
| <u>Seminole County School Board:</u>             |                                   |                                    |                     |
| G.O. Bonds, Series 1986                          | 8,970,000                         | 7.84%                              | 1,370,103           |
| <br><u>Seminole County, Florida:</u>             |                                   |                                    |                     |
| General Obligation Debt                          | <u>26,355,000</u>                 | 7.84%                              | <u>2,237,133</u>    |
| Total Direct and Overlapping Debt                | <u>\$ 46,285,000</u>              |                                    | <u>\$ 3,607,236</u> |

Sources:

Seminole County Property Appraiser's Office  
Seminole County Finance Department  
Seminole County School Board

Note 1 - Ratio of assessed valuation of taxable property in overlapping unit to that within the City of Lake Mary.

Note 2 - The City of Lake Mary does not currently have any General Obligation Debt.

**City of Lake Mary, Florida**  
**Revenue Bond Coverage - Water Revenue Bonds**  
**Last Ten Fiscal Years**

| Fiscal Year | Gross Revenue (1) | Operating Expenses (2) | Net Revenue Available For Debt Service | Debt Service Requirements (3) |          |         | Coverage |
|-------------|-------------------|------------------------|--|-------------------------------|----------|---------|----------|
|             |                   |                        |  | Principal                     | Interest | Total   |          |
| 1995        | 1,178,878         | 1,003,325              | 175,553                                | 16,000                        | 110,665  | 126,665 | 1.39     |
| 1996        | 1,504,651         | 1,066,306              | 438,345                                | 17,000                        | 109,561  | 126,561 | 3.46     |
| 1997        | 1,669,835         | 1,152,261              | 517,574                                | 18,000                        | 108,408  | 126,408 | 4.09     |
| 1998        | 2,457,241         | 999,691                | 1,457,550                              | 19,000                        | 107,170  | 126,170 | 11.55    |
| 1999        | 2,859,462         | 1,042,638              | 1,816,824                              | 21,000                        | 105,849  | 126,849 | 14.32    |
| 2000        | 3,270,894         | 1,404,936              | 1,865,958                              | (3)                           | (3)      | (3)     | n/a      |
| 2001        | 3,231,202         | 1,513,356              | 1,717,846                              | (3)                           | (3)      | (3)     | n/a      |
| 2002        | 3,366,562         | 1,672,188              | 1,694,374                              | (3)                           | (3)      | (3)     | n/a      |
| 2003        | 3,283,475         | 1,742,792              | 1,540,683                              | (3)                           | (3)      | (3)     | n/a      |
| 2004        | 3,473,449         | 2,119,302              | 1,354,147                              | (3)                           | (3)      | (3)     | n/a      |

Source: City of Lake Mary Finance Department

Notes:

(1) "Gross revenue" is computed per bond resolution requirements, and is equivalent to revenue recognized under generally accepted accounting principles.

(2) "Direct operating expenses" is computed per bond resolution requirements, and is equal to expenses recognized under generally accepted accounting principles (less interest, depreciation, and amortization expense) losses on disposal of fixed assets, and non-recurring transfers out.

(3) All outstanding revenue bonds were paid in full as of Sept. 1, 1999.

**City of Lake Mary, Florida  
Demographic Statistics  
Last Ten Fiscal Years**

---

| Fiscal<br>Year | Population (1) | Per Capita<br>Income (2) | Median<br>Age (2) | School<br>Enrollment (3) | Unemployment<br>Rate (4) |
|----------------|----------------|--------------------------|-------------------|--------------------------|--------------------------|
| 1995           | 7,251          | *                        | *                 | 750                      | 4.6%                     |
| 1996           | 7,470          | *                        | *                 | 780                      | 4.3%                     |
| 1997           | 8,289          | \$26,068                 | 35.5              | 765                      | 3.2%                     |
| 1998           | 9,409          | *                        | *                 | 740                      | 2.6%                     |
| 1999           | 10,222         | *                        | *                 | 750                      | 2.9%                     |
| 2000           | 10,658         | 27,465                   | 37.1              | 731                      | 2.6%                     |
| 2001           | 12,359         | *                        | *                 | 679                      | 3.6%                     |
| 2002           | 12,964         | *                        | *                 | 771                      | 5.0%                     |
| 2003           | 13,163         | 30,745                   | 38.2              | 1,444                    | 4.5%                     |
| 2004           | 13,792         | *                        | *                 | 1,354                    | 4.3%                     |

\* Data not available.

Sources:

- (1) U.S. Bureau of the Census
- (2) Decision Data Resources - (estimated for 2003)
- (3) Lake Mary Elementary School; Lake Mary Preparatory School 2003
- (4) US Department of Labor, Bureau of Labor Statistics

**City of Lake Mary, Florida**  
**Property Values and Construction Permits**  
**Last Ten Fiscal Years (Amounts expressed in thousands)**

---

| Fiscal<br>Year | Taxable<br>Real<br>Property<br>Values (1) | Value of<br>Construction<br>Permits<br>Issued (2) |
|----------------|---|---|
| 1995           | \$ 443,026                                | \$ 25,694   |
| 1996           | 458,651                                   | 58,654  |
| 1997           | 488,578                                   | 106,817   |
| 1998           | 549,899                                   | 131,311   |
| 1999           | 635,084                                   | 197,264   |
| 2000           | 762,432                                   | 101,809   |
| 2001           | 874,776                                   | 100,127   |
| 2002           | 1,002,891                                 | 63,079  |
| 2003           | 1,168,066                                 | 82,734  |
| 2004           | 1,260,846                                 | 60,614  |

Sources:

(1) Seminole County Property Appraiser's Office

(2) City of Lake Mary Building Division

**City of Lake Mary, Florida  
Miscellaneous Statistical Data  
September 30, 2004**

---

|  |                               |
|--|-------------------------------|
| Date of Incorporation  | July 6, 1973                  |
| Form of Government   | Commission/Manager            |
| Area of City   | 9.7 square miles              |
| Miles of Streets   |                               |
| Paved  | 50.38                         |
| Unpaved  | 3.42                          |
| Fire Protection  |                               |
| Stations   | 1                             |
| Firefighters   | 21                            |
| Police Protection  |                               |
| Stations   | 1                             |
| Sworn officers   | 34                            |
| Non-sworn Officers   | 1                             |
| Municipal Water and Sewer System:  |                               |
| Number of Customers  | 4,736                         |
| Average Daily Consumption  | 3.62 million gallons per day  |
| Miles of Water Mains   | 39.0                          |
| Plant Capacity   | 12.96 million gallons per day |
| Deep Wells   | 5                             |
| Number of Fire Hydrants  | 612                           |
| Miles of Sanitary Sewer Lines (collection<br>only - City uses County treatment facilities) | 22.9                          |
| Building Permits Issued  | 358                           |
| Parks and Recreation   |                               |
| Number of regional parks   | 1                             |
| Number of neighborhood parks   | 7                             |
| Park area  | 39 acres                      |
| City employees:  |                               |
| Full time  | 141                           |
| Part time  | 9                             |

**City of Lake Mary, Florida**  
**Historical Public Services Taxes, Half-Cent Sales Tax and Electric Franchise Fees**  
**Last Ten Fiscal Years**

| Fiscal<br>Year Ended<br>September 30, | Public<br>Service Taxes | Half-Cent<br>Sales Tax | Electric<br>Franchise<br>Fees | Total<br>Revenues |
|---------------------------------------|-------------------------|------------------------|-------------------------------|-------------------|
| 1995                                  | 1,102,767               | 355,330                | 401,112                       | 1,859,209         |
| 1996                                  | 1,267,903               | 376,978                | 483,339                       | 2,128,220         |
| 1997                                  | 1,358,807               | 411,880                | 505,611                       | 2,276,298         |
| 1998                                  | 1,690,704               | 460,060                | 625,234                       | 2,775,998         |
| 1999                                  | 2,084,786               | 545,547                | 677,895                       | 3,308,228         |
| 2000                                  | 2,401,639               | 680,469                | 755,049                       | 3,837,157         |
| 2001                                  | 2,403,763               | 677,322                | 873,474                       | 3,954,559         |
| 2002                                  | 3,253,848               | 781,173                | 903,512                       | 4,938,533         |
| 2003                                  | 3,430,414               | 837,815                | 1,023,547                     | 5,291,776         |
| 2004                                  | 3,623,094               | 909,961                | 1,171,465                     | 5,704,520         |

Source: City of Lake Mary Finance Department

**City of Lake Mary, Florida**  
**Historical Coverage of Maximum Annual Debt Service**  
**Last Ten Fiscal Years**

| Fiscal<br>Year Ended<br>September 30, | Public<br>Service<br>Taxes | Half-Cent<br>Sales Tax | Electric<br>Franchise<br>Fees(1) | Total                                     |                                   |          | Coverage                     |
|---------------------------------------|----------------------------|------------------------|----------------------------------|---|-----------------------------------|----------|------------------------------|
|                                       |                            |                        |                                  | Revenues<br>Available for<br>Debt Service | Maximum<br>Annual<br>Debt Service | Coverage | Without<br>Franchise<br>Fees |
| 1995                                  | 1,102,767                  | 355,330                | 393,612                          | 1,851,709                                 | 508,395                           | 3.64 x   | 2.87 x                       |
| 1996                                  | 1,267,903                  | 376,978                | 475,839                          | 2,120,720                                 | 815,235                           | 2.60 x   | 2.02 x                       |
| 1997                                  | 1,358,807                  | 411,880                | 498,111                          | 2,268,798                                 | 815,235                           | 2.78 x   | 2.17 x                       |
| 1998                                  | 1,690,704                  | 460,060                | 617,734                          | 2,768,498                                 | 815,235                           | 3.40 x   | 2.64 x                       |
| 1999                                  | 2,084,786                  | 545,547                | 670,395                          | 3,300,728                                 | 815,235                           | 4.05 x   | 3.23 x                       |
| 2000                                  | 2,401,639                  | 680,469                | 747,549                          | 3,829,657                                 | 815,235                           | 4.70 x   | 3.78 x                       |
| 2001                                  | 2,403,763                  | 677,322                | 873,474                          | 3,954,559                                 | 815,235                           | 4.85 x   | 3.78 x                       |
| 2002                                  | 3,253,848                  | 781,173                | 903,512                          | 4,938,533                                 | 815,235                           | 6.06 x   | 4.95 x                       |
| 2003                                  | 3,430,414                  | 837,815                | 1,023,547                        | 5,291,776                                 | 815,235                           | 6.49 x   | 5.24 x                       |
| 2004                                  | 3,623,094                  | 909,961                | 1,171,465                        | 5,704,520                                 | 815,235                           | 7.00 x   | 5.56 x                       |

(1) Net of \$7,500 pledged to the City's Water Revenue Bonds, Series 1984

Source: City of Lake Mary Finance Department

**City of Lake Mary**  
**Schedule of Revenues by Source and Expense by Type**  
**Police Officers Pension Fund**  
**Last Ten Fiscal Years**

| Year | Revenues by Source    |               | Expenses by Type |         |                                 |                 | City Contribution as a Percent of Payroll (2) |
|------|-----------------------|---------------|------------------|---------|---------------------------------|-----------------|---|
|      | Investment Income Net | Contributions | Benefits         | Refunds | Investment Related Expenses (1) | Admin. Expenses |   |
| 1995 | 290,827               | 150,463       | 5,096            | 12,950  | -                               | 18,942          | 6.9%  |
| 1996 | 230,389               | 170,697       | 5,086            | 1,707   | -                               | 19,121          | 7.4%  |
| 1997 | 481,514               | 173,705       | 37,071           | 12,778  | -                               | 4,000           | 5.5%  |
| 1998 | 162,334               | 144,780       | 31,010           | 2,081   | -                               | 4,500           | 1.4%  |
| 1999 | 363,433               | 172,754       | 31,011           | 6,074   | -                               | 4,000           | 1.9%  |
| 2000 | 527,667               | 231,230       | 31,011           | 6,558   | -                               | 4,042           | 6.7%  |
| 2001 | (302,471)             | 366,431       | 49,706           | 5,521   | 6,167                           | 18,971          | 15.6%   |
| 2002 | (325,389)             | 246,074       | 52,079           | 8,760   | 28,156                          | 12,136          | 3.7%  |
| 2003 | 652,245               | 380,925       | 121,834          | 18,003  | 34,354                          | 10,816          | 10.7%   |
| 2004 | 474,790               | 419,072       | 167,687          | 8,887   | 38,562                          | 11,630          | 10.6%   |

Note (1) Prior to 2001 investment related expenses were reported net of investment income.

Note (2) In 2001, calculation changed to reflect city contribution as a percentage of annual Police Payroll

**City of Lake Mary**  
**Schedule of Revenues by Source and Expense by Type**  
**Firefighters Pension Funds**  
**Last Ten Fiscal Years**

| Year | Revenues by Source                          |               | Expenses by Type |         |                                 |                 | City Contribution as a Percent of Payroll |
|------|---|---------------|------------------|---------|---------------------------------|-----------------|---|
|      | Investment Income Net of Investment Expense | Contributions | Benefits         | Refunds | Investment Related Expenses (1) | Admin. Expenses |   |
| 1995 | 87,292                                      | 70,069        | -                | -       | -                               | 10,659          | 8.6%                                      |
| 1996 | 72,369                                      | 68,298        | -                | 8,936   | -                               | 9,211           | 7.2%                                      |
| 1997 | 157,812                                     | 95,352        | -                | -       | -                               | 4,000           | 10.6%                                     |
| 1998 | 55,935                                      | 95,096        | 15,797           | -       | -                               | 4,000           | 3.8%                                      |
| 1999 | 126,308                                     | 128,756       | 19,875           | 10,599  | -                               | 4,000           | 10.7%                                     |
| 2000 | 198,345                                     | 158,552       | 19,875           | 1,190   | -                               | 4,125           | 9.9%                                      |
| 2001 | (112,170)                                   | 174,734       | 19,875           | 7,861   | 2,322                           | 8,394           | 11.0%                                     |
| 2002 | (90,319)                                    | 238,386       | 19,875           | -       | 11,155                          | 12,911          | 10.9%                                     |
| 2003 | 295,582                                     | 315,099       | 19,875           | -       | 9,599                           | 8,784           | 16.3%                                     |
| 2004 | 247,791                                     | 347,211       | 19,875           | -       | 23,066                          | 10,121          | 16.2%                                     |

Note (1) Prior to 2001 investment related expenses were reported net of investment income.

## **OTHER REPORTS**



*This page intentionally left blank.*

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

The Honorable Mayor and  
City Commission  
*City of Lake Mary, Florida*

We have audited the basic financial statements of the *City of Lake Mary, Florida*, as of and for the year ended September 30, 2004, and have issued our report thereon dated January 28, 2005. 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.

**Compliance** - As part of obtaining reasonable assurance about whether the *City of Lake Mary, Florida's* basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting** - In planning and performing our audit, we considered the *City of Lake Mary, Florida's* internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

605 E ROBINSON STREET, SUITE 635  
ORLANDO, FLORIDA 32801  
TELEPHONE: 407-843-5406  
FAX: 407-649-9339  
Email: [info@mcdirmitdavis.com](mailto:info@mcdirmitdavis.com)

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

*McDiarmid Davis & Company, LLC*

January 28, 2005

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR  
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133**

The Honorable Mayor and City Commissioners  
City of Lake Mary, Florida  
Lake Mary, Florida

Compliance

We have audited the compliance of the City of Lake Mary, Florida with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*, that are applicable to the major federal program for the year ended September 30, 2004. The City of Lake Marys' major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major state project is the responsibility of the City of Lake Mary, Florida management. Our responsibility is to express an opinion on the City of Lake Mary, Florida compliance based on our audit.

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

In our opinion, the City of Lake Mary, Florida, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2004.

605 E ROBINSON STREET, SUITE 635  
ORLANDO, FLORIDA 32801  
TELEPHONE: 407-843-5406  
FAX: 407-649-9339  
Email: [info@mcdirmitdavis.com](mailto:info@mcdirmitdavis.com)

### Internal Control Over Compliance

The management of the City of Lake Mary, Florida is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Lake Mary, Florida internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major state program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

*McDiernit Davis & Company, LLC*

January 28, 2005

CITY OF LAKE MARY, FLORIDA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended September 30, 2004

| <u>Federal Grantor/Pass-through<br/>Grantor/Program title</u> | <u>Federal<br/>CFDA No.</u> | <u>Pass-through<br/>Entity<br/>Number</u> | <u>Federal<br/>Expenditures</u> |
|---|-----------------------------|---|---------------------------------|
| U. S. Department of Homeland Security:                        |                             |   |                                 |
| Federal Emergency Management Agency                           |                             |   |                                 |
| Public Assistance Grants                                      | 97.036                      | -   | \$1,972,631                     |
| Office of Domestic Preparedness:                              |                             |   |                                 |
| Technical Assistance Grant                                    | 97.007                      | -   | <u>1,318</u>                    |
| Total U.S. Department of Homeland<br>Security                 |                             |   | <u>1,973,949</u>                |
| U. S. Department of Justice:                                  |                             |   |                                 |
| Office of Justice Programs-                                   |                             |   |                                 |
| Bulletproof Vest Partnership                                  | 16.607                      | -   | 7,030                           |
| Local Law Enforcement Block<br>Grant                          | 16.592                      | -   | <u>6,878</u>                    |
| Total U.S. Department of Justice                              |                             |   | <u>13,908</u>                   |
| Total expenditures of federal awards                          |                             |   | <u>\$1,987,857</u>              |

See accompanying notes to schedule of expenditures of federal awards.

CITY OF LAKE MARY, FLORIDA

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended September 30, 2004

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Lake Mary, Florida and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133. *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF LAKE MARY, FLORIDA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
FEDERAL AWARDS**

Year Ended September 30, 2004

**A. Summary of Auditor's Findings**

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Lake Mary, Florida.
2. No instances of noncompliance material to the financial statements of the City of Lake Mary, Florida were disclosed during the audit.
3. The auditor's report on compliance for the major federal award for the City of Lake Mary, Florida, expresses an unqualified opinion.
4. The program tested as major program included the following:

| <b><u>Federal Program</u></b>                                | <b><u>CFDA No.</u></b> |
|--|------------------------|
| U.S. Department of Homeland Security Public Assistance Grant | 97.036                 |

5. The threshold for distinguishing Type A and Type B programs/projects was \$500,000 for major federal awards.



*This page intentionally left blank.*

MANAGEMENT COMMENTS

Honorable Mayor and City Commission  
City of Lake Mary, Florida

In planning and performing our audit of the basic financial statements of the City of Lake Mary, Florida for the year ended September 30, 2004, we considered its internal control to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on internal control. The accompanying findings and recommendations, which resulted from our consideration of internal control, are submitted to assist in improving procedures and controls. In addition, this report includes other disclosures required by the Rules of the Auditor General, State of Florida.

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 Report on Compliance and Internal Control over Financial Reporting, in accordance with *Government Auditing Standards*, Report on Compliance and Internal Control over Compliance in accordance with OMB Circular A-133, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated January 28, 2005, should be considered in conjunction with this management letter.

This management letter is intended solely for the information of the *City of Lake Mary, Florida* and management, and the State of Florida Office of the Auditor General and federal awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.

*McDirmit Davis & Company, LLC*

January 28, 2005

605 E ROBINSON STREET, SUITE 635  
ORLANDO, FLORIDA 32801  
TELEPHONE: 407-843-5406  
FAX: 407-649-9339  
Email: [info@mcdirmitdavis.com](mailto:info@mcdirmitdavis.com)

A. Status of Prior Year Comments

There are no prior year comments.

B. Current Year Comments

There were no current year comments.

C. Comments Required by the Rules of the Auditor General

1. The financial report filed with the Department of Banking and Finance pursuant to Section 218.32(1)(b), Florida Statutes, is in agreement in all material respects with the annual financial audit report for the same period.
2. The City is not, or during the fiscal year was not, in a state of financial emergency as a consequence of conditions described in Section 218.503(1) Florida Statutes.
3. The City of Lake Mary, Florida, was created under State of Florida Law Section 73-522. There were no component units identified by the City.
4. The City of Lake Mary, Florida, has complied with Section 218.415, Florida Statutes, regarding the investment of public funds.
5. As required by the Rules of the Auditor General Section 10.554(g)(6)c and 10.556(8), we applied financial condition assessment procedures.