

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
of the  
CITY OF LAKE MARY  
FLORIDA  
FISCAL YEAR ENDED  
September 30, 2005**



PREPARED BY THE  
FINANCE DEPARTMENT

**CITY OF LAKE MARY, FLORIDA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005**  
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# City of Lake Mary

*Incorporated in 1973*

February 28, 2006

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, 2005. This report fulfills the requirements set forth in Florida Statutes, Chapter 166.241, and the Rules of the Florida Auditor General, Chapter 10.550. The organization, form and contents of this report plus the accompanying financial statements and statistical tables are formulated in accordance with the principles prescribed by the Governmental Accounting Standards Board, State of Florida and the Government Finance Officers Association.

Management assumes full responsibility for the completeness and reliability of all information presented in this report based upon a comprehensive framework of internal control that it has established for this purpose. 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, 2005, 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, 2005, are fairly presented in conformity with generally accepted accounting principles (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 financial statements in the form of Management's Discussion and Analysis (MD&A). The MD&A complements this letter of transmittal and should be read in conjunction with it.

## **Profile of the City**

The City of Lake Mary, Florida, a municipality incorporated under Florida law in 1973, is located in Central Florida and considered a part of the Orlando Metropolitan area. The City encompasses 9.7 square miles with an estimated population of 13,922. Land uses within Lake Mary consist primarily of single-family residential neighborhoods, retail business, Class A office space, 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 then required to hold public hearings on the proposed budget and to adopt a final budget by September 30, prior to the close of 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 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.

### **Local economy**

The financial statements are a realistic barometer of the City and its continued quality growth pattern over the past fifteen years. 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.

The City of Lake Mary continues to be a prime choice location for many businesses with Class A office space at a more than 95% occupancy rate. Part of that success is that the City continues to focus on mixed land uses to promote what is commonly referred to in planning terms as "internal capture". This simply means an area where people can live, work and play without having to drive great distances. This concept is attractive to developers because they realize that at the end of the day their products are more valuable as they indirectly support each other while at the same time reducing traffic on our major roadways. We believe that promoting this concept is one of the primary reasons that Lake Mary was selected in the June 2005 issue of CNN/Money Magazine as the 86<sup>th</sup> best place to live in the United States based on quality of life issues. One such development is Fountain Parke located off of Rinehart Road which, when completed, will consist of 214,000 square feet of commercial, 22,000 square feet of office, 500 luxury townhouses, and 16 single-family homes. The goal is to maintain balance between commercial and residential property and Lake Mary continues to be about 50/50.

As shown in the table below, a comparison of revenue trends between fiscal year 2004 and 2005 highlights the grant revenues from FEMA for hurricane cleanup costs within intergovernmental revenues. Increases in licenses and permits and charges for services relate to the current building activity in the city. Investment income also increased due to the improvements in the interest rate environment. Fines and forfeitures showed a decrease in revenues due to a change in the state law regarding how the Clerk of the Court is paid for DUI fines.

### Revenue Trends

(amounts shown in the thousands)

	2004 Total	2005 Total	Increase / (Decrease)	% Increase / (Decrease)
<b>Revenues</b>				
Property taxes	\$ 6,056	\$ 6,033	\$ (23)	0%
Franchise and utility taxes	5,073	5,449	376	7%
Licenses/Permits	735	896	161	22%
Intergovernmental	1,823	4,422	2,599	143%
Charges for services	432	644	212	49%
Impact fees/assessments	120	119	(1)	-1%
Fines and forfeitures	245	210	(35)	-14%
Investment earnings	267	317	50	19%
Miscellaneous	152	241	89	59%
<b>Total Revenue</b>	<b>\$ 14,903</b>	<b>\$ 18,331</b>	<b>\$ 3,428</b>	

Comparing expenditure trends between the last two fiscal years as shown below, capital outlay increased by 141% primarily due to the completion of the Municipal Services Complex and the fire sub-station. Public safety costs increased with the opening of the second fire station. Parks and recreation increases can be attributed to additional senior center funding. A 62% drop in costs for Public works is attributable to normalization in storm activity during fiscal 2005. The slight decrease in General government is related to the ending of economic incentive payments paid to Seminole County for cooperative agreements.

### Expenditure Trends

(amounts shown in the thousands)

	2004 Total	2005 Total	Increase / (Decrease)	% Increase / (Decrease)
<b>Expenditures</b>				
General government	\$ 2,252	\$ 2,119	\$ (133)	-6%
Public works	2,958	1,121	(1,837)	-62%
Public safety	6,757	7,776	1,019	15%
Parks and recreation	1,380	1,505	125	9%
Capital outlay	3,316	7,981	4,665	141%
Debt service	1,259	1,247	(12)	-1%
<b>Total Expenditures</b>	<b>\$ 17,922</b>	<b>\$ 21,749</b>	<b>\$ 3,827</b>	

### 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 and adding reclaimed water in many of the subdivisions built prior to 1995, which now have septic systems. One such project is currently under construction and estimated to cost \$2.937 million for 106 single-family homes. While existing plans call for residents to be assessed \$574.43 annually over a ten-year period to cover the cost of impact fees and connection charges, there will still be an impact on cash reserves. A long-range sewer service master plan is currently being prepared by the Public Works Department staff and is expected to project the cost of future retrofit projects throughout the City. We also continue to upgrade our water treatment plant and lift stations with the latest telemetry technology to minimize chances of service interruptions.

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, the success of which is documented by an extremely low turnover rate in all departments.

Our new fire substation required the addition of equipment and personnel to provide those services. A computerized fully equipped fire pumper and rescue vehicle costing a total of \$658,698, and a total of 18 Firefighter/EMT related positions including three battalion chiefs were added to make the station fully operational 24/7. This completes a major expansion of our fire services creating annual operational costs which will have a financial impact on the General Fund as we move forward toward build out.

### **Relevant financial policies**

Along with the annual budget each fiscal year, the City provides a comprehensive five-year projection. This plan details estimated personnel, operating, and capital costs for continuing operations and expansion plans for all City functions. All parties in the budget process are accountable for providing realistic and attainable projections so as to minimize deviations from the plan as each budget year proceeds. The projected General Fund budget is balanced by determining the ad valorem tax rate required for a balanced budget. This predictor of future millage rates provides the City Commission an insightful planning tool when making financial and economic decisions. The five-year plan is an essential component of the stability of the ad valorem tax rate which has increased by only .24 mills in a 13-year period, leaving Lake Mary with by far the lowest millage rate of the seven cities in Seminole County.

It has been a long-standing goal of the City Commission and management's position that the General Fund balance should always remain above 25% of projected expenditures. After the last two years of hurricane activity in Florida and the Gulf Coast, the consensus is to keep the fund balance even higher. With three minor hurricanes passing through the City in a seven week time period during 2004, all cleanup costs could readily be absorbed without the need to wait for FEMA reimbursements, thus, getting contractors was not a problem. Over \$2.5 million dollars were spent for vegetative debris cleanup and all City operations continued without interruption.

### **Major initiatives**

A citizen committee along with City staff are currently planning for the construction of a new Community Center on the same site as the existing facility which is located in the City's Downtown Development District. Stormwater retention and parking for this facility will be major components of the total plan as the site and amenities must be brought up to current codes. Currently estimated to cost some \$4,000,000, the planned facility will accommodate up to 250 attendees for weddings, meetings, and various community functions. A required referendum regarding financing for all or part of the project is expected to take place in November 2006.

At the City's popular sports complex, a children's playground is in the planning stages. The "Trailblazers", which is a civic fundraising group, is working diligently to raise some \$400,000 for the purchase of equipment, as well as to construct a rest room and shelter for what is anticipated to be a state-of-the-art playground facility. Plans also include an interactive fountain for children to enjoy.

Roadway improvements are an ongoing challenge as more and more people and businesses move into the area. One of the City's major improvement projects currently being designed is Sand Pond Road to Emma Oaks Trail via Skyline Drive. Improvements will include sidewalks for the entire corridor, bus pull-off areas, and a newly designed stormwater system which will eliminate current flooding problems during major storm events. Costs are estimated at \$1.6 million, which does not include right-of-way acquisition, and is being funded through 2<sup>nd</sup> Generation One-cent Sales Tax dollars.

## Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) has 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, 2004. This is the thirteenth consecutive year that the government has achieved this prestigious award. In order to receive this Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report which must satisfy both generally accepted accounting principles and applicable legal requirements.

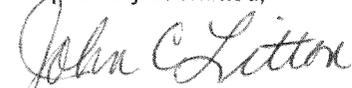
A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to again determine its continued eligibility.

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 in this area.

Respectfully submitted,



John C. Litton  
City Manager



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, 2004

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. Zielke*

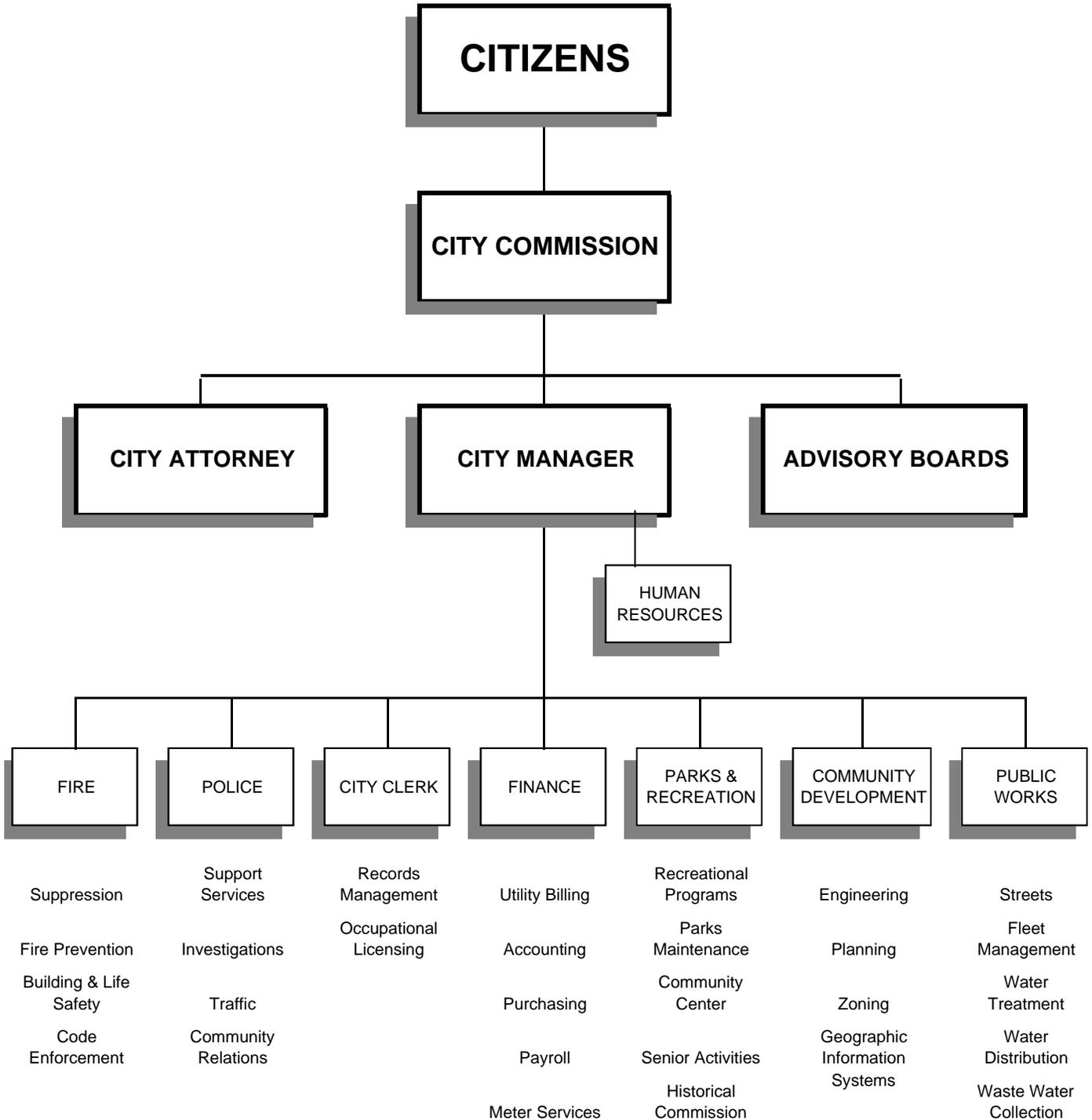
President

*Jeffrey R. Emer*

Executive Director

# CITY OF LAKE MARY, FLORIDA

## ORGANIZATIONAL CHART



**CITY OF LAKE MARY, FLORIDA  
PRINCIPAL CITY OFFICIALS  
SEPTEMBER 30, 2005**

**CITY COMMISSION**

Thomas C. Greene, Mayor

Janet M. Jernigan, Deputy Mayor  
Michael J. McLean

George F. Duryea  
Gary L. Brender

**ADMINISTRATION**

**CITY MANAGER**  
John C. Litton

**ASST. CITY MANAGER / FINANCE DIRECTOR**  
Jacqueline B. Sova

**CITY ATTORNEY**  
Catherine Reischmann

**CITY CLERK**  
Carol A. Foster

**FINANCE MANAGER**  
Jean K. McCarthy

**COMMUNITY DEVELOPMENT DIRECTOR**  
Juan A. Omana, Jr.

**PUBLIC WORKS DIRECTOR**  
Bruce Paster

**PARKS & RECREATION DIRECTOR**  
William C. Carrico

**POLICE CHIEF**  
Richard M. Beary

**FIRE CHIEF**  
Craig E. Haun

# **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



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**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, 2003, 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, 2005, and the respective changes in financial position and cash flows, where applicable thereof and the respective budgetary comparison for the general fund 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 December 1, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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's basic financial statements. The introductory section, combining and individual fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statement. The combining and individual nonmajor fund financial statements and schedules 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 the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*McDirmit Davis & Company, LLC*

December 1, 2005

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**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2005**

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, 2005. 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 1-5 of this report.

**Financial Highlights**

- The assets of the City of Lake Mary exceeded its liabilities at September 30, 2005 by \$62,328,573 (net assets). Of this amount, \$23,573,424 (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 \$6,851,882 (or 12.3%). The governmental net assets increased by \$3,087,474 (or 10.5%) and the business-type activities increased by \$3,764,408 (or 14.3%).
- As of the close of the current fiscal year, the City of Lake Mary's governmental funds reported combined ending fund balances of \$13,046,304, a decrease of \$2,785,336 in comparison with the prior year. Approximately 82.3% of this amount, or \$10,737,961, 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 \$9,833,498, or 62.8% of total expenditures and transfers out.
- Governmental funds revenues increased \$3,427,638 or 23.0% 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, 2005**

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, 2005**

**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 \$62,328,573 at the close of fiscal year ended September 30, 2005. At the end of fiscal year 2005, 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	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 15,470,433	\$ 21,213,778	\$ 13,044,751	\$ 10,438,407	\$ 28,515,184	\$ 31,652,185
Restricted assets	310,053	310,053	2,425,286	1,343,449	2,735,339	1,653,502
Capital assets	26,934,062	20,074,676	15,550,612	14,983,549	42,484,674	35,058,225
Total assets	42,714,548	41,598,507	31,020,649	26,765,405	73,735,197	68,363,912
Current liabilities	1,185,067	2,402,558	730,514	278,300	1,915,581	2,680,858
Long term liabilities outstanding	8,910,532	9,664,474	33,983	33,531	8,944,515	9,698,005
Other liabilities	310,053	310,053	236,475	198,305	546,528	508,358
Total liabilities	10,405,652	12,377,085	1,000,972	510,136	11,406,624	12,887,221
Net assets invested in capital assets, net of related debt	18,759,062	10,960,420	15,550,612	14,983,549	34,309,674	25,943,969
Net assets restricted for capital improvement	2,256,664	7,678,353	2,188,811	1,145,144	4,445,475	8,823,497
Unrestricted net assets	11,293,170	10,582,649	12,280,254	10,126,576	23,573,424	20,709,225
Total net assets	\$ 32,308,896	\$ 29,221,422	\$ 30,019,677	\$ 26,255,269	\$ 62,328,573	\$ 55,476,691

The largest portion of the City's net assets (55.0%) 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 46.8% in the prior year. The increase is due primarily to the completion of 2 major projects that includes \$6,286,270 for the completion of the new Municipal Services Complex which houses Fire Station 37, and \$1,401,971 for the addition of a new fire substation, Fire Station 33. Business-type activities include \$1,035,000 of water system improvements.

**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2005**

An additional portion of the City's net assets (7.1%) 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 various public improvement projects in progress and customer deposits and unspent impact fees in the Water and Sewer Fund.

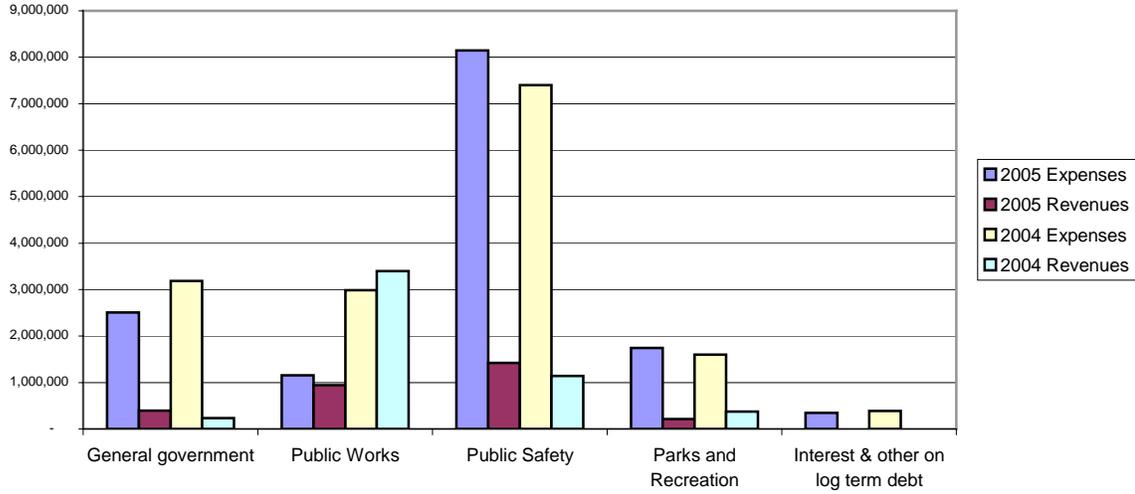
Unrestricted net assets in the governmental activities column increased by \$710,521, including the net effect of \$2,440,402 of hurricane related reimbursement revenues from FEMA and \$8,017,930 for the capital related costs of construction projects, equipment, and vehicle purchases. Unrestricted net assets increased for business-type activities by \$2,153,678, due to increased development related impact fee revenues in the Water and Sewer Fund.

Changes In Net Assets  
As of September 30,

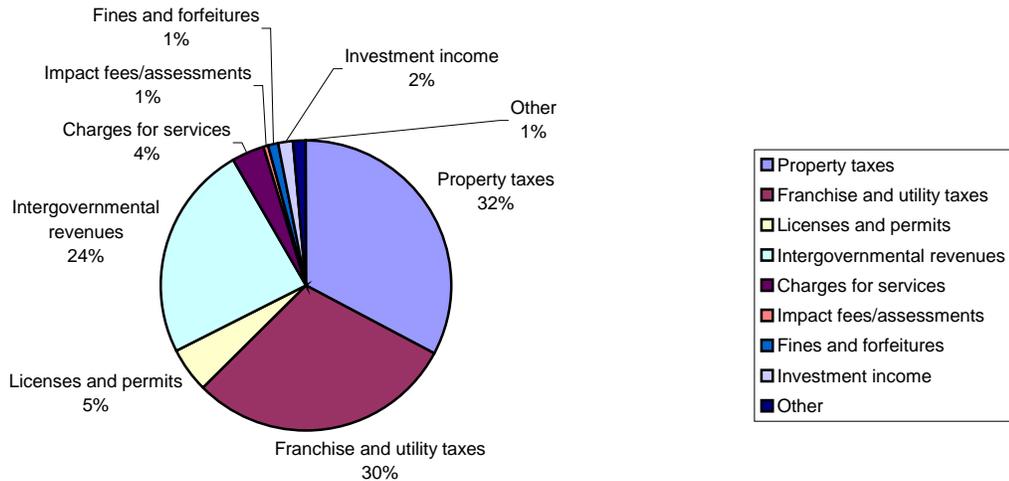
	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for services	\$ 1,880,981	\$ 1,575,002	\$ 3,659,723	\$ 3,715,718	\$ 5,540,704	\$ 5,290,720
Operating grants and contributions	957,268	2,771,825	-	-	957,268	2,771,825
Capital grants and contributions	139,860	807,583	1,240,619	1,250,488	1,380,479	2,058,071
General revenues:						
Property taxes	6,032,671	6,055,948	-	-	6,032,671	6,055,948
Other taxes	5,449,090	5,039,940	-	-	5,449,090	5,039,940
Other revenues	1,822,465	1,423,885	2,241,323	157,474	4,063,788	1,581,359
Total revenues	<u>16,282,335</u>	<u>17,674,183</u>	<u>7,141,665</u>	<u>5,123,680</u>	<u>23,424,000</u>	<u>22,797,863</u>
Expenses:						
General government	2,492,115	3,186,933	-	-	2,492,115	3,186,933
Public works	1,184,005	2,986,789	-	-	1,184,005	2,986,789
Public safety	8,081,673	7,402,025	-	-	8,081,673	7,402,025
Parks and recreation	1,746,693	1,598,395	-	-	1,746,693	1,598,395
Interest and other on long term debt	345,375	389,267	-	-	345,375	389,267
Water and sewer	-	-	2,447,017	2,478,702	2,447,017	2,478,702
Stormwater	-	-	275,240	238,805	275,240	238,805
Total expenses	<u>13,849,861</u>	<u>15,563,409</u>	<u>2,722,257</u>	<u>2,717,507</u>	<u>16,572,118</u>	<u>18,280,916</u>
Increase (decrease) in net assets before transfers	<u>2,432,474</u>	<u>2,110,774</u>	<u>4,419,408</u>	<u>2,406,173</u>	<u>6,851,882</u>	<u>4,516,947</u>
Transfers	<u>655,000</u>	<u>625,000</u>	<u>(655,000)</u>	<u>(625,000)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	<u>3,087,474</u>	<u>2,735,774</u>	<u>3,764,408</u>	<u>1,781,173</u>	<u>6,851,882</u>	<u>4,516,947</u>
Net assets - October 1	<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>
Net assets - September 30	<u>\$ 32,308,896</u>	<u>\$ 29,221,422</u>	<u>\$ 30,019,677</u>	<u>\$ 26,255,269</u>	<u>\$ 62,328,573</u>	<u>\$ 55,476,691</u>

**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2005**

**Governmental Program Expenses vs. Program Revenues**

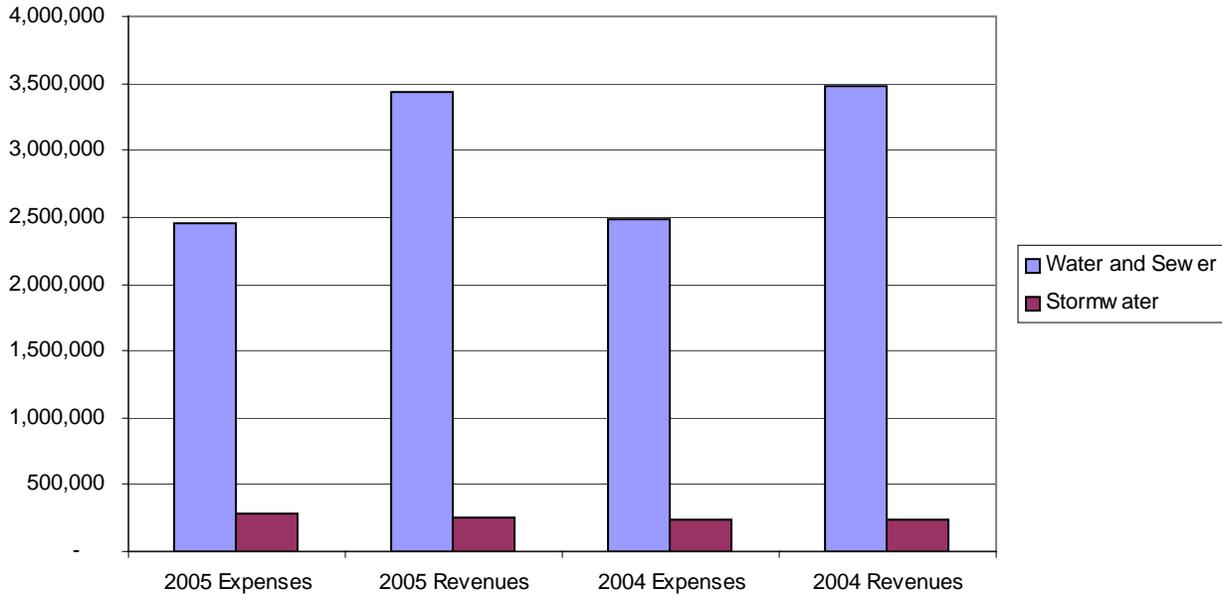


**Governmental Revenues by Source**

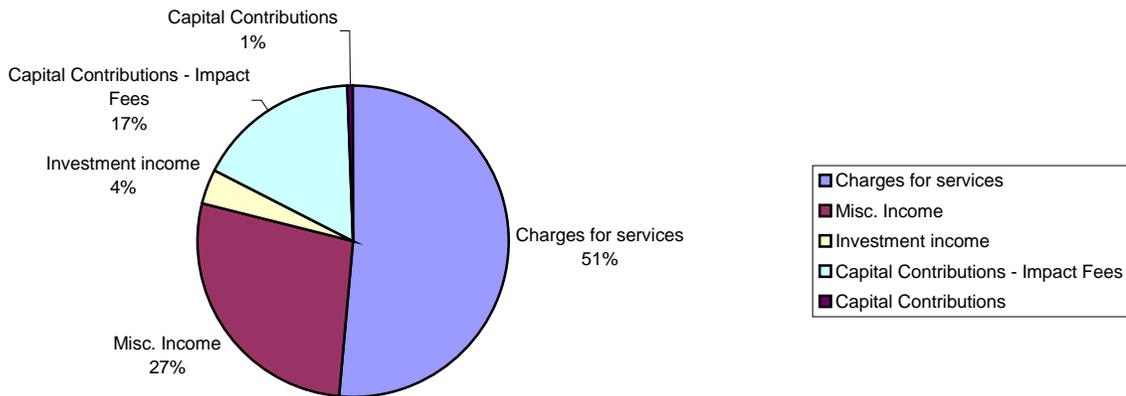


**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2005**

**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, 2005**

**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, 2005, the City's governmental funds reported combined ending fund balances of \$13,046,304, a decrease of \$2,785,336 in comparison with the prior year. The most significant reason for the decrease is the cost of building construction projects and clean-up costs related to the hurricanes which impacted our area during August and September 2004. Approximately 82 percent of fund balance, or \$10,737,961 constitutes unreserved fund balance, which is available for spending at the City's discretion. The remainder of fund balance, \$2,308,342, 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, 2005, the unreserved fund balance of the General Fund was \$9,833,498 while the total fund balance was \$9,844,545. 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 81.18 percent of total General Fund expenditures, while total fund balance represents 81.27 percent of that same amount.

The fund balance of the City's General Fund increased by \$2,980,134 during the current fiscal year, due to the net effect of transfers of \$1,995,000 to the Building Construction Funds for the Municipal Complex and Fire Station projects, the hurricane related FEMA reimbursements of \$2,440,402 and anticipated increases in revenues in ad valorem, utility taxes and franchise fees.

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

	2005	2004
<b>REVENUES</b>		
Taxes	\$ 11,481,761	\$ 11,128,528
Licenses and permits	896,129	734,973
Intergovernmental revenues	4,421,896	1,823,260
Charges for services/fines	853,745	677,696
Impact fees/assessments	119,363	119,722
Investment and other income	558,129	419,206
Total revenues	18,331,023	14,903,385
<b>EXPENDITURES</b>		
General government	2,181,139	5,242,215
Public works	1,142,686	2,992,373
Public safety	15,621,444	6,855,123
Parks and recreation	1,556,153	1,573,870
Debt service	1,247,437	1,258,798
Total expenditures	21,748,859	17,922,379
Excess(deficiency) of revenues over(under) expenditures	(3,417,836)	(3,018,994)
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	4,267,550	4,118,555
Transfers out	(3,635,050)	(3,516,055)
Total other financing source (use)	632,500	602,500
Net change in fund balances	(2,785,336)	(2,416,494)
Fund balances - beginning	15,831,640	18,248,134
Fund balances - end	\$ 13,046,304	\$ 15,831,640

**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2005**

**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, 2005, amounted to \$11,410,713. Unrestricted net assets of the Stormwater Utility Fund at September 30, 2005, were \$869,541. Net Assets restricted for capital improvement in the Water and Sewer Fund at September 30, 2005, were \$2,188,811.

**General Fund Budgetary Highlights**

Final amended appropriations for the General Fund were \$12,914,761, actual expenditures (budgetary basis) were \$12,113,654. General Fund anticipated revenues were increased by \$2,588,860 from the original budget, an increase of 19%. The budgetary changes are summarized by the following:

- \$2,573,663 increase to Intergovernmental revenues to account for the reimbursements for the hurricane cleanup efforts from the Federal and State governments
- \$9,450 increase to rescue fees
- \$5,747 increase to miscellaneous revenues
- \$389,225 increase to Public Works for the costs of hurricane cleanup
- (\$94,930) decrease allocated from general government administration for pay plan changes
- \$99,427 increase in wages and other personnel costs Public Safety – Police
- \$10,700 increase in wages and other personnel costs Public Safety – Fire

Actual expenditures were less than amended appropriations by \$801,107. This variance was larger than anticipated due to the delayed hiring of 7 additional firefighters.

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 and for emergency reserves. 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 delays or financial difficulties.

Transfers to other funds were:

- \$1,995,000 to the Building Construction Funds
- \$389,550 to the Capital Projects Fund, and
- \$1,150,000 to Debt Service Funds.

**Special Revenue Funds Budgetary Highlights**

Total revenues for the Special Revenue Funds were \$177,132 for the year. Of the total revenues collected \$86,000 were police, fire, public works and parks impact fees and \$37,000 fines and forfeitures.

Budgetary changes were an increase of \$242,000 in the fire impact fee fund for a new rescue vehicle and an increase of \$22,500 in the law enforcement trust fund for donations to law enforcement related activities.

**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2005**

**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, 2005, amounts to \$42,484,674 (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 \$7,426,449 (a 34.1% increase for governmental activities and a 3.7% 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 Municipal Services Complex for \$6,286,270

Completion of the Fire sub-station totaling \$1,401,971

Water system improvements contributed by developers for County Road 46A, Whipoorwill Glen, and The Preserve at Soldiers Creek of \$251,686

Sodium hypochlorite system at the water plant \$41,255

Reconstruction of the Forest lift station \$72,519

Reclaimed water system improvements as part of a joint participation agreement Sanford and Seminole County \$497,425

St John's Water Management District 20-year consumptive use permit \$123,255

Rescue vehicle for Fire Station 33 \$171,422

Replacement vehicles \$359,426

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

	Governmental activities		Business-type activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$ 6,622,102	\$ 6,318,352	\$ 39,548	\$ 39,548	\$ 6,661,650	\$ 6,357,900
Buildings	15,289,381	8,679,825	247,800	259,600	15,537,181	8,939,425
Improvements other than building	1,778,574	1,942,797	-	-	1,778,574	1,942,797
Water/sewer system	-	-	12,737,788	12,038,461	12,737,788	12,038,461
Stormwater system	-	-	1,765,188	1,908,386	1,765,188	1,908,386
Machinery and equipment	642,427	542,249	26,285	32,664	668,712	574,913
Vehicles	1,380,361	1,255,070	-	-	1,380,361	1,255,070
Infrastructure	665,122	678,563	-	-	665,122	678,563
Construction in progress	556,095	657,820	734,003	704,890	1,290,098	1,362,710
<b>Total</b>	<b>\$ 26,934,062</b>	<b>\$ 20,074,676</b>	<b>\$ 15,550,612</b>	<b>\$ 14,983,549</b>	<b>\$ 42,484,674</b>	<b>\$ 35,058,225</b>

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, 2005**

**Long-term debt.** At the end of the current fiscal year, the City had total debt outstanding of \$8,175,000, which consists of bonds payable. Business-type activities have no outstanding debt.

Long Term Debt  
As of September 30,

	Governmental activities	
	2005	2004
PIRRB 2003	\$ 5,835,000	\$ 6,560,000
PIRB 1996	2,340,000	2,520,000
Capital Leases	-	34,256
Total	\$ 8,175,000	\$ 9,114,256

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, 2005 was 3.5%, a decrease of .8% from the prior year. The national unemployment rate for the same period was 4.2%. A portion of the City and its targeted industry area is located within the Interstate-4 proximity known as a high-tech corridor spanning from Tampa to Daytona Beach, Florida. Having such business activity locally and within the city provides a stable employment base.

The taxable value of real and personal property increased 5.6% and 9.2% in fiscal year 2005.

The City's elected and appointed officials considered many factors when adopting the fiscal year end 2006 budget. The emphasis of the budget is completing the expansion of the City's fire service. Operating the second fire station requires the purchase of a new fire pumper along with the hiring of 8 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. The City was able to fund these increased services while maintaining for the third 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 \$2.4 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 were attributable to fiscal year 2005. The City in cooperation with representatives from FEMA, filed the applications for reimbursement. The close-out process will take place during fiscal year 2006. 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 costs were reimbursed at a 90% rate from FEMA and 5% by the Florida Department of Community Affairs. The City estimates that it incurred over \$100,000 in

**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2005**

unreimbursed costs related to the storms that was absorbed primarily by the General Fund. Those costs were 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 recently completed 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.



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# **BASIC FINANCIAL STATEMENTS**



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**City of Lake Mary, Florida**  
**Statement of Net Assets**  
**Year Ended September 30, 2005**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 7,226,707	\$ 4,615,149	\$ 11,841,856
Investments	7,170,953	5,734,147	12,905,100
Interest receivable	53,358	45,846	99,204
Accounts receivable (net of allowance for uncollectibles)	507,267	2,296,289	2,803,556
Due from other governmental units	445,579	-	445,579
Unbilled service charges	-	106,318	106,318
Special assessments - current	3,355	22,116	25,471
Inventories	40,546	36,513	77,059
Prepaid items	6,848	29,043	35,891
Bond Issuance Costs	15,820	-	15,820
Restricted assets:			
Temporarily Restricted:			
Cash and cash equivalents	310,053	2,425,286	2,735,339
Unamortized sewer capacity	-	159,330	159,330
Capital assets not being depreciated:			
Land	6,622,102	39,548	6,661,650
Construction in progress	556,095	734,003	1,290,098
Capital assets net of accumulated depreciation:			
Buildings	15,289,381	247,800	15,537,181
Improvements other than buildings	1,778,574	-	1,778,574
Water/sewer system	-	12,737,788	12,737,788
Stormwater system	-	1,765,188	1,765,188
Machinery and equipment	642,427	26,285	668,712
Vehicles	1,380,361	-	1,380,361
Infrastructure	665,122	-	665,122
Total Assets	<u>42,714,548</u>	<u>31,020,649</u>	<u>73,735,197</u>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	1,098,974	700,096	1,799,070
Unearned revenue	83,900	-	83,900
Deferred Revenue	-	30,418	30,418
Compensated Absences	2,193	-	2,193
Noncurrent liabilities:			
Liabilities payable from restricted assets	310,053	236,475	546,528
Due within one year	940,000	2,718	942,718
Due in more than one year	7,970,532	31,265	8,001,797
Total Liabilities	<u>10,405,652</u>	<u>1,000,972</u>	<u>11,406,624</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	18,759,062	15,550,612	34,309,674
Restricted for capital improvement	2,256,664	2,188,811	4,445,475
Unrestricted	11,293,170	12,280,254	23,573,424
Total net assets	<u>\$ 32,308,896</u>	<u>\$ 30,019,677</u>	<u>\$ 62,328,573</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, 2005**

Functions/Programs	Program Revenues				Net (Expense) Revenue Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Government activities:							
General government	\$ 2,492,115	\$ 342,980	\$ 11,000	\$ 43,700	\$ (2,094,435)	\$ -	\$ (2,094,435)
Public works	1,184,005	5,266	938,051	-	(240,688)	-	(240,688)
Public safety	8,081,673	1,320,189	8,217	96,160	(6,657,107)	-	(6,657,107)
Parks and recreation	1,746,693	212,546	-	-	(1,534,147)	-	(1,534,147)
Interest & other fiscal charges on long-term debt	345,375	-	-	-	(345,375)	-	(345,375)
Total governmental activities	<u>13,849,861</u>	<u>1,880,981</u>	<u>957,268</u>	<u>139,860</u>	<u>(10,871,752)</u>	<u>-</u>	<u>(10,871,752)</u>
Business-type activities:							
Water and Sewer	2,447,017	3,411,349	-	1,240,619	-	2,204,951	2,204,951
Stormwater	275,240	248,374	-	-	-	(26,866)	(26,866)
Total business-type activities	<u>2,722,257</u>	<u>3,659,723</u>	<u>-</u>	<u>1,240,619</u>	<u>-</u>	<u>2,178,085</u>	<u>2,178,085</u>
Total primary government	<u>\$ 16,572,118</u>	<u>\$ 5,540,704</u>	<u>\$ 957,268</u>	<u>\$ 1,380,479</u>	<u>(10,871,752)</u>	<u>2,178,085</u>	<u>(8,693,667)</u>
General revenues:							
Property taxes					6,032,671	-	6,032,671
Franchise & utility taxes					5,449,090	-	5,449,090
Unrestricted intergovernmental revenues					1,240,388	-	1,240,388
Unrestricted investment earnings					340,982	271,067	612,049
Gain on sale of capital assets					85,000	-	85,000
Miscellaneous revenues					156,095	1,970,256	2,126,351
Transfers					655,000	(655,000)	-
Total general revenues and transfers					<u>13,959,226</u>	<u>1,586,323</u>	<u>15,545,549</u>
Change in net assets					<u>3,087,474</u>	<u>3,764,408</u>	<u>6,851,882</u>
Net assets - beginning					<u>29,221,422</u>	<u>26,255,269</u>	<u>55,476,691</u>
Net assets - ending					<u>\$ 32,308,896</u>	<u>\$ 30,019,677</u>	<u>\$ 62,328,573</u>

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

**City of Lake Mary, Florida**  
**Balance Sheet**  
**Governmental Funds**  
**Year Ended September 30, 2005**

	Capital Projects				Other Governmental Funds	Total Governmental Funds
	General Fund	General Capital	Fire Station	Building Construction		
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 5,025,440	\$ 1,194,839	\$ 175,153	\$ 46,047	\$ 257,010	\$ 6,698,489
Investments	4,911,756	848,693	17,078	50,000	680,934	6,508,461
Interest receivable	38,509	7,338	-	-	3,325	49,172
Receivables (net of allowance for uncollectibles)	506,344	-	-	-	923	507,267
Due from other funds	650	-	-	-	-	650
Due from other governments	369,113	76,466	-	-	-	445,579
Special assessments-current	452	-	-	-	2,903	3,355
Inventories	4,199	-	-	-	-	4,199
Prepaid items	6,848	-	-	-	-	6,848
Restricted Cash	310,053	-	-	-	-	310,053
<b>Total Assets</b>	<b>\$ 11,173,364</b>	<b>\$ 2,127,336</b>	<b>\$ 192,231</b>	<b>\$ 96,047</b>	<b>\$ 945,095</b>	<b>\$ 14,534,073</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities						
Accounts payable	457,852	108,865	2,232	654	-	569,603
Accrued liabilities	146,913	-	-	-	-	146,913
Retainage payable	-	36,215	-	1,674	-	37,889
Due to other funds	-	650	-	-	-	650
Due to other governments	199,427	8,660	-	-	-	208,087
Unearned revenue	83,900	-	-	-	-	83,900
Other liabilities	130,092	-	-	-	-	130,092
Compensated absences	582	-	-	-	-	582
Liabilities payable from restricted assets	310,053	-	-	-	-	310,053
<b>Total Liabilities</b>	<b>1,328,819</b>	<b>154,390</b>	<b>2,232</b>	<b>2,328</b>	<b>-</b>	<b>1,487,769</b>
<b>FUND BALANCES</b>						
Reserved for:						
Inventories	4,199	-	-	-	-	4,199
Prepaid items	6,848	-	-	-	-	6,848
Debt service	-	-	-	-	40,632	40,632
Capital projects	-	1,972,946	189,999	93,719	-	2,256,664
Unreserved reported in:						
General fund	9,833,498	-	-	-	-	9,833,498
Special revenue funds	-	-	-	-	904,463	904,463
<b>Total fund balances</b>	<b>9,844,545</b>	<b>1,972,946</b>	<b>189,999</b>	<b>93,719</b>	<b>945,095</b>	<b>13,046,304</b>
<b>Total liabilities and fund balances</b>	<b>\$ 11,173,364</b>	<b>\$ 2,127,336</b>	<b>\$ 192,231</b>	<b>\$ 96,047</b>	<b>\$ 945,095</b>	<b>\$ 14,534,073</b>

*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, 2005**

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Total governmental funds fund balance \$ 13,046,304

Amounts reported for governmental net assets in the statement of net assets (page 27) are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds 25,553,701

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. 2,585,081

Prepaid costs of bond issuance should be recorded as an asset and amortized over the life of the issuance.

	\$	22,600	
Total issuance cost			
Less: amortization over 10 years (yr 3)		(6,780)	15,820

The noncurrent portion of compensated absences is not due and payable in the current period and therefore, is not reported in the funds (717,010)

The long-term portion of bonds payable is not due and payable in the current period, and therefore, is not reported in the funds (7,235,000)

The current portion of bonds payable is not recorded as a liability in governmental funds balance sheet (940,000)

Net assets of governmental activities \$ 32,308,896

**City of Lake Mary, Florida**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**All Governmental Fund Types**  
**For the Year Ended September 30, 2005**

	General Fund	Capital Projects			Other Government Funds	Total Governmental Funds
		General Capital	Fire Station	Building Construction		
<b>REVENUES</b>						
Taxes:						
Property	\$ 6,032,671	\$ -	\$ -	\$ -	\$ -	\$ 6,032,671
Franchise and utility taxes	5,449,090	-	-	-	-	5,449,090
Licenses and permits	896,129	-	-	-	-	896,129
Intergovernmental revenues	4,282,036	139,860	-	-	-	4,421,896
Charges for services	644,281	-	-	-	-	644,281
Impact fees/assessments	-	-	-	-	119,363	119,363
Fines and forfeitures	172,464	-	-	-	37,000	209,464
Investment income	252,659	43,606	-	-	20,769	317,034
Other	166,008	75,087	-	-	-	241,095
Total revenues	<u>17,895,338</u>	<u>258,553</u>	<u>-</u>	<u>-</u>	<u>177,132</u>	<u>18,331,023</u>
<b>EXPENDITURES</b>						
Current:						
General government	2,062,737	55,416	-	450	-	2,118,603
Public works	1,032,535	84,751	-	-	3,245	1,120,531
Public safety	7,498,738	138,030	78,789	13,849	46,519	7,775,925
Parks and recreation	1,478,687	26,779	-	-	-	1,505,466
Debt service:						
Principal	-	-	-	-	905,000	905,000
Interest and other fiscal charges	-	-	-	-	342,437	342,437
Capital outlay:						
General government	-	62,536	-	-	-	62,536
Public works	-	17,151	-	-	5,004	22,155
Public safety	-	41,451	6,147,737	1,388,123	268,208	7,845,519
Parks and recreation	40,957	9,730	-	-	-	50,687
Total expenditures	<u>12,113,654</u>	<u>435,844</u>	<u>6,226,526</u>	<u>1,402,422</u>	<u>1,570,413</u>	<u>21,748,859</u>
Excess(deficiency) of revenues over(under) expenditures	<u>5,781,684</u>	<u>(177,291)</u>	<u>(6,226,526)</u>	<u>(1,402,422)</u>	<u>(1,393,281)</u>	<u>(3,417,836)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	733,000	389,550	1,205,000	790,000	1,150,000	4,267,550
Transfers out	(3,534,550)	-	-	-	(100,500)	(3,635,050)
Total other financing sources (uses)	<u>(2,801,550)</u>	<u>389,550</u>	<u>1,205,000</u>	<u>790,000</u>	<u>1,049,500</u>	<u>632,500</u>
Net change in fund balances	2,980,134	212,259	(5,021,526)	(612,422)	(343,781)	(2,785,336)
Fund balances - beginning	6,864,411	1,760,687	5,211,525	706,141	1,288,876	15,831,640
Fund balances - end	<u>\$ 9,844,545</u>	<u>\$ 1,972,946</u>	<u>\$ 189,999</u>	<u>\$ 93,719</u>	<u>\$ 945,095</u>	<u>\$ 13,046,304</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, 2005**

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Amounts reported for governmental activities in the Statement of Activities (page 28) are different because:

Net change in fund balances -- total governmental funds \$ (2,785,336)

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	\$ 7,980,897	
	Reclassification of assets	(5,435)	
	Current year depreciation	<u>(955,013)</u>	7,020,449

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	905,000	
	Issuance Costs allocated expense	<u>(2,260)</u>	902,740

The Internal service fund is used by management to charge the costs of fleet management to individual funds. The income before contributions of the internal service fund is reported allocated to governmental activities. 206,204

Some revenues reported in the statement of revenues, expenditures and changes in fund balance were reported as revenue in the prior period. (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. (183,947)

Change in net assets of governmental activities (page 28) \$ 3,087,474

**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, 2005**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Amounts</u>
<b>REVENUES</b>				
Taxes:				
Property	\$ 5,986,548	\$ 5,986,548	\$ 6,032,671	\$ 46,123
Franchise and utility taxes	4,719,940	4,719,940	5,449,090	729,150
Licenses and permits	534,500	534,500	896,129	361,629
Intergovernmental revenues	1,561,877	4,135,540	4,282,036	146,496
Charges for services	428,350	437,800	644,281	206,481
Fines and forfeitures	220,000	220,000	172,464	(47,536)
Investment income	125,000	125,000	252,659	127,659
Other	40,000	45,747	166,008	120,261
Total revenues	<u>13,616,215</u>	<u>16,205,075</u>	<u>17,895,338</u>	<u>1,690,263</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,357,773	2,262,843	2,062,737	200,106
Public works	671,557	1,060,782	1,032,535	28,247
Public safety	7,844,543	7,954,671	7,498,738	455,933
Parks and recreation	1,600,308	1,636,465	1,519,644	116,821
Total expenditures	<u>12,474,181</u>	<u>12,914,761</u>	<u>12,113,654</u>	<u>801,107</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>1,142,034</u>	<u>3,290,314</u>	<u>5,781,684</u>	<u>2,491,370</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	733,000	733,000	733,000	-
Transfers out	(3,638,031)	(3,534,550)	(3,534,550)	-
Total other financing sources and uses	<u>(2,905,031)</u>	<u>(2,801,550)</u>	<u>(2,801,550)</u>	<u>-</u>
Net change in fund balances	(1,762,997)	488,764	2,980,134	2,491,370
Fund Balances at Beginning of Year	<u>6,864,411</u>	<u>6,864,411</u>	<u>6,864,411</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 5,101,414</u>	<u>\$ 7,353,175</u>	<u>\$ 9,844,545</u>	<u>\$ 2,491,370</u>

*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, 2005**

	<u>Business Type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Fund
	<u>Water and Sewer Fund</u>	<u>Stormwater Utility Fund</u>	<u>Total</u>	
<b>ASSETS</b>				
Current assets:				
Cash and Cash Equivalents	\$ 4,116,579	\$ 498,570	\$ 4,615,149	\$ 528,218
Investments	5,402,674	331,473	5,734,147	662,492
Interest Receivable	42,834	3,012	45,846	4,186
Accounts receivable (net of allowance for uncollectibles)	321,396	21,361	342,757	-
Miscellaneous receivable	1,953,532	-	1,953,532	-
Unbilled service charges	99,416	6,902	106,318	-
Special Assessments - current	1,459	20,657	22,116	-
Inventories	36,513	-	36,513	36,347
Prepaid items	29,043	-	29,043	-
Total current assets	<u>12,003,446</u>	<u>881,975</u>	<u>12,885,421</u>	<u>1,231,243</u>
Noncurrent assets:				
Restricted cash, cash equivalents, and investments:				
Customer Deposits	236,475	-	236,475	-
Impact fee funds	2,188,811	-	2,188,811	-
Total restricted assets	<u>2,425,286</u>	<u>-</u>	<u>2,425,286</u>	<u>-</u>
Unamortized sewer capacity	<u>159,330</u>	<u>-</u>	<u>159,330</u>	<u>-</u>
Capital assets:				
Land	39,548	-	39,548	-
Buildings	472,000	-	472,000	-
Water/sewer system	15,505,509	-	15,505,509	-
Stormwater system	-	2,586,730	2,586,730	-
Machinery and equipment	185,928	14,975	200,903	-
Vehicles	-	-	-	3,316,283
Construction in progress	701,483	32,520	734,003	-
Less accumulated depreciation	<u>(3,154,889)</u>	<u>(833,192)</u>	<u>(3,988,081)</u>	<u>(1,935,922)</u>
Total capital assets (net of accumulated depreciation)	<u>13,749,579</u>	<u>1,801,033</u>	<u>15,550,612</u>	<u>1,380,361</u>
Total Assets	<u>\$ 28,337,641</u>	<u>\$ 2,683,008</u>	<u>\$ 31,020,649</u>	<u>\$ 2,611,604</u>

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

	Business Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water and Sewer Fund	Stormwater Utility Fund	Total	
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 628,377	\$ 8,064	\$ 636,441	\$ 3,944
Accrued liabilities	62,538	1,117	63,655	2,446
Deferred revenue	30,418	-	30,418	-
Compensated absences	2,458	260	2,718	1,611
Total current liabilities	<u>723,791</u>	<u>9,441</u>	<u>733,232</u>	<u>8,001</u>
Noncurrent Liabilities:				
Liabilities payable from restricted assets:				
Customer Deposits	236,475	-	236,475	-
Compensated absences	28,272	2,993	31,265	18,522
Total liabilities	<u>988,538</u>	<u>12,434</u>	<u>1,000,972</u>	<u>26,523</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	13,749,579	1,801,033	15,550,612	1,380,361
Restricted for capital improvement	2,188,811	-	2,188,811	-
Unrestricted	11,410,713	869,541	12,280,254	1,204,720
Total net assets	<u>\$ 27,349,103</u>	<u>\$ 2,670,574</u>	<u>\$ 30,019,677</u>	<u>\$ 2,585,081</u>



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**City of Lake Mary, Florida**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended September 30, 2005**

	Business Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water and Sewer Fund	Stormwater Utility Fund	Totals	
<b>Operating revenues:</b>				
Charges for sales and services:				
Water sales	\$ 2,084,404	\$ -	\$ 2,084,404	\$ -
Sewer revenue	1,234,771	-	1,234,771	-
Stormwater fees	-	248,374	248,374	-
Other service charges	108,898	-	108,898	726,843
Total Operating revenues	3,428,073	248,374	3,676,447	726,843
Operating expenses				
Costs of operations	1,902,933	130,803	2,033,736	206,508
Administration	167,253	-	167,253	-
Depreciation	352,615	144,437	497,052	405,557
Amortization	24,216	-	24,216	-
Total operating expenses	2,447,017	275,240	2,722,257	612,065
Operating income (loss)	981,056	(26,866)	954,190	114,778
Nonoperating revenues (expenses):				
Investment income	252,838	18,229	271,067	23,948
Miscellaneous Income	1,953,532	-	1,953,532	-
Interest expense	-	-	-	(678)
Gain/(Loss) on sale of capital assets	-	-	-	45,656
Total nonoperating revenue (expense)	2,206,370	18,229	2,224,599	68,926
Income before contributions and transfers	3,187,426	(8,637)	3,178,789	183,704
Capital contributions - impact fees	1,191,050	-	1,191,050	-
Capital contributions - developers & others	49,569	-	49,569	286,354
Transfers in	-	-	-	22,500
Transfers out	(655,000)	-	(655,000)	-
Change in net assets	3,773,045	(8,637)	3,764,408	492,558
Total net assets - beginning	23,576,058	2,679,211	26,255,269	2,092,523
Total net assets - ending	\$ 27,349,103	\$ 2,670,574	\$ 30,019,677	\$ 2,585,081

*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, 2005**

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer Fund	Stormwater Utility Fund	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 3,229,777	\$ 257,830	\$ 3,487,607	\$ -
Other operating cash receipts	108,898	-	108,898	-
Receipts from interfund services provided	-	-	-	726,843
Payments to suppliers	(1,102,967)	(59,231)	(1,162,198)	(92,155)
Payments to employees	(471,587)	(64,315)	(535,902)	(149,667)
Net cash provided by operating activities	<u>1,764,121</u>	<u>134,284</u>	<u>1,898,405</u>	<u>485,021</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers to other funds	(655,000)	-	(655,000)	-
Transfers from other funds	-	-	-	22,500
Net cash provided (used) by capital and related financing activities	<u>(655,000)</u>	<u>-</u>	<u>(655,000)</u>	<u>22,500</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital contributions	1,191,050	-	1,191,050	-
Acquisition and construction of capital assets	(982,026)	(32,520)	(1,014,546)	(244,493)
Interest paid on capital debt	-	-	-	(678)
Capital lease payment	-	-	-	(34,256)
Proceeds from sales of capital assets	-	-	-	45,656
Net cash provided (used) by capital and related financing activities	<u>209,024</u>	<u>(32,520)</u>	<u>176,504</u>	<u>(233,771)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sales or maturities of investments	1,555,287	107,025	1,662,312	198,572
Purchases of investments	(3,999,334)	(176,970)	(4,176,304)	(102,008)
Interest and dividends received	305,450	21,925	327,375	28,466
Net cash provided (used) by investing activities	<u>(2,138,597)</u>	<u>(48,020)</u>	<u>(2,186,617)</u>	<u>125,030</u>
Net increase (decrease) in cash and cash equivalents	(820,452)	53,744	(766,708)	398,780
Cash and cash equivalents October 1 (excluding \$1,343,449 reported in restricted accounts)	<u>4,937,031</u>	<u>444,826</u>	<u>5,381,857</u>	<u>129,438</u>
Cash and cash equivalents September 30 (excluding \$2,425,286 reported in restricted accounts)	<u>\$ 4,116,579</u>	<u>\$ 498,570</u>	<u>\$ 4,615,149</u>	<u>\$ 528,218</u>

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

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer Fund	Stormwater Utility Fund	Totals	
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 981,056	\$ (26,866)	\$ 954,190	\$ 114,778
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	352,615	144,437	497,052	405,557
Amortization expense	24,216	-	24,216	-
(Increase) decrease in accounts receivable	(72,808)	(684)	(73,492)	-
(Increase) decrease in accrued receivable	-	-	-	-
(Increase) decrease in unbilled service charges	(23,871)	(148)	(24,019)	-
(Increase) decrease in special assessments	7,280	10,288	17,568	-
(Increase) decrease in inventory	12,194	-	12,194	(5,734)
(Increase) decrease in prepaid items	(140)	-	(140)	-
Increase (decrease) in customer deposits	38,170	-	38,170	-
Increase (decrease) in accounts payable	379,720	7,884	387,604	(28,504)
Increase (decrease) accrued expenses	40,360	(670)	39,690	(3,474)
Increase (decrease) in compensated absences payable	329	88	417	2,739
Increase (decrease) in deferred revenue	26,215	-	26,215	-
Increase (decrease) in due to other funds	(1,215)	(45)	(1,260)	(341)
Total adjustments	<u>783,065</u>	<u>161,150</u>	<u>944,215</u>	<u>370,243</u>
Net cash provided by operating activities	<u>\$ 1,764,121</u>	<u>\$ 134,284</u>	<u>\$ 1,898,405</u>	<u>\$ 485,021</u>

The Water and Sewer Fund had a non-cash capital contribution of \$49,569 and a non-cash loss in the fair value of investments of (\$65,633); the Stormwater Fund had a non-cash loss in the fair value of investments of (\$4,568); and the Internal Service Fund had a non-cash capital contribution of \$286,354 and a non-cash loss in the fair value of investments of (\$6,013).

**City of Lake Mary, Florida**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**As of September 30, 2005**

---

	<u>Total Employee Pension Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 861,268
Receivables:	
Interest receivable	29,678
Notes receivable - employees	40,293
Contributions receivable - employees	7,091
Contributions receivable - city	122,872
Contributions receivable - state	<u>60,726</u>
Total receivables	<u>260,660</u>
Investments at fair value	
Domestic corporate & Govt bonds	3,537,374
Domestic stocks	6,765,556
Other securities	<u>338,468</u>
Total investments	<u>10,641,398</u>
Total assets	<u>11,763,326</u>
<b>LIABILITIES</b>	
Accounts payable	<u>17,595</u>
Total liabilities	<u>17,595</u>
<b>NET ASSETS</b>	
Held in trust for pension benefits	<u>\$ 11,745,731</u>

**City of Lake Mary, Florida**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended September 30, 2005**

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	Total Employee Pension Funds
<b>ADDITIONS</b>	
Contributions:	
City	\$ 677,983
State	346,177
Employee	182,507
Total contributions	1,206,667
Investment earnings	
Interest	259,842
Net increase (decrease) in fair value of investments	831,291
Net investment earnings	1,091,133
Total additions	2,297,800
<b>DEDUCTIONS</b>	
Benefit payments	229,578
Refunds of contributions	7,337
Administrative expenses	94,327
Total deductions	331,242
Change in net assets	1,966,558
Net assets - beginning	9,779,173
Net assets - ending	\$ 11,745,731



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## **NOTES TO THE FINANCIAL STATEMENTS**



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**CITY OF LAKE MARY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**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.

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. Investment earnings for construction funds are allocated to the General Fund as the original source of funding.

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 \$35,891 at September 30, 2005.

#### **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, 2005 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 \$1,000 or more are accounted for in a subsystem and inventoried annually. The value of these items for 2005 is \$858,636 for governmental funds and \$24,594 for business-type activities.

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 2005.

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.

**L. Implementation of New Accounting Standards:**

In fiscal year 2005, the City early implemented Governmental Accounting Standards Board (GASB) Statement No. 44, Economic Condition Reporting: The Statistical Section – an amendment of NCGA Statement 1. This statement established the objectives of the statistical section and the five categories of information it contains – financial trends information, revenue capacity information, debt capacity information, demographic and economic information, and operating information. This Statement improves the understandability and usefulness of the statistical section information by addressing the comparability problems that have developed in practice and by adding information from the new financial reporting model for state and local governments required by GASB Statement No. 34.

In fiscal year 2005, the City also implemented GASB Statement No. 40, Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3. The deposits and investments of state and local governments are exposed to risks that have the potential to result in losses. This Statement addresses common deposit and investment risks related to credit risk, concentration of credit risk, and interest risk. As an element of interest rate risk, this Statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. Deposit and investment policies related to the risks identified in the Statement are also disclosed.

**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 a 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 departments; 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. City currently holds \$525 available as petty cash.

**B. Deposits with financial institutions:**

At September 30, 2005, the carrying amount of the City's deposits was (\$117,311) and the bank balance was \$296,713.

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:**

As of September 30, 2005, the City had the following investments.

Investment Type	Fair Value	Weighted Average Maturity (years)
U.S. Agencies	\$ 11,064,798	1.56
U.S. Agencies - step bonds	4,200,747	2.41
State Investment Pool	9,313,054	n/a
Repurchase agreements	3,020,482	n/a
Total Fair Value of Investments	<u>\$ 27,599,081</u>	

*Interest Rate Risk.* In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the investment of current operating funds to an average maturity of less than 36 months. Investments of bond reserves, construction funds, and other non-operating funds maturity may not exceed 5 years.

*Credit Risk.* The City limits investments to Local Government Surplus Funds Trust funds, SEC registered money market funds with the highest credit quality rating from a nationally recognized rating agency, savings accounts or certificates of deposit in state certified qualified public depositories, direct obligations of the U.S. Treasury, Federal agencies and instrumentalities or 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.

*Custodial Credit Risk.* The City's investments are insured or registered and held by its agent in the City's name.

As of September 30, 2005, the City has satisfied all of the objectives and requirements laid out in the City's investment policy and held no investments that were not in compliance with policy.

City of Lake Mary Pension Funds had the following investments on September 30, 2005:

Investment Type	Police Officers' Pension Funds Fair Value	Weighted Average Maturity (years)	Firefighters' Pension Funds Fair Value	Weighted Average Maturity (years)	General Employees 401A Plan Fair Value	Weighted Average Maturity (years)
U.S. Treasuries	\$ 768,263	1.82	\$ 169,033	10.55	\$ -	unk
U.S. Agencies	626,989	12.32	474,766	16.88	-	unk
Corporate Bonds	432,504	13.29	490,320	15.13	575,499 *	unk
Corporate Stocks	3,885,740	n/a	1,800,756	n/a	1,079,061	n/a
International Stocks	15,936	n/a	20,773	n/a	125,890	n/a
Miscellaneous	-	n/a	175,869	n/a	-	n/a
Total Investments	<u>5,729,432</u>		<u>3,131,516</u>		<u>1,780,450</u>	
Cash and Cash Equivalents	<u>569,618</u>	n/a	<u>273,666</u>	n/a	<u>17,984</u>	n/a
Total Cash and Investments	<u>\$ 6,299,050</u>		<u>\$ 3,405,182</u>		<u>\$ 1,798,434</u>	

\* may include U.S. Treasuries and agencies, but specific identification is not available.

*Interest Rate Risk.* The pension fund investment policy limits the duration of fixed income portfolio to within 50% to 150% of the duration of the Merrill Lynch Master Bond Index.

*Credit Risk.* Securities shall be limited to those rated BAA or higher by Moody's or Standard & Poor's rating services. Foreign bonds are prohibited.

*Concentration of credit risk.* The pension investment policy does not allow for an investment in any one issuer that is in excess of five percent of the government's fixed income portfolio.

As of September 30, 2005, the Police and Fire Pension funds had satisfied all of the objectives and requirements laid out in the investment policy and held no investments that were not in compliance with policy.

The assets of the general employees 401A pension fund are independently administered by ICMA/RC. The third party administrator offers over 35 investment choices that each participant may personally utilize to build an individual portfolio. Investment or credit risk is not applicable.

**NOTE 5 RECEIVABLES**

The accounts receivable and allowance for uncollectibles at September 30, 2005 were as follows:

	Accounts and Assessments Receivable	Allowance for Uncollectibles	Net Receivable
General Fund	\$ 508,510	\$ 1,714	\$ 506,796
Special Revenue Funds	3,826	-	3,826
Enterprise Funds	<u>2,322,736</u>	<u>4,331</u>	<u>2,318,405</u>
	<u>\$ 2,835,072</u>	<u>\$ 6,045</u>	<u>\$ 2,829,027</u>

**NOTE 6 CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 6,318,352	\$ 303,750	\$ -	\$ 6,622,102
Construction in progress	657,820	1,602,734	(1,704,459)	556,095
Total capital assets, not being depreciated	<u>6,976,172</u>	<u>1,906,484</u>	<u>(1,704,459)</u>	<u>7,178,197</u>
Capital assets, being depreciated:				
Buildings	11,666,305	7,260,101	(1,037,801)	17,888,605
Improvements other than buildings	2,864,247	9,730	-	2,873,977
Equipment	1,402,538	217,251	(71,895)	1,547,894
Infrastructure	685,283	-	-	685,283
Vehicles	2,949,444	530,848	(164,009)	3,316,283
Total capital assets, being depreciated:	<u>19,567,817</u>	<u>8,017,930</u>	<u>(1,273,705)</u>	<u>26,312,042</u>
Less accumulated depreciation for				
Buildings	(2,986,480)	(650,545)	1,037,801	(2,599,224)
Improvements other than buildings	(921,450)	(173,953)	-	(1,095,403)
Equipment	(860,288)	(117,074)	71,895	(905,467)
Infrastructure	(6,720)	(13,441)	-	(20,161)
Vehicles	(1,694,374)	(405,557)	164,009	(1,935,922)
Total accumulated depreciation	<u>(6,469,312)</u>	<u>(1,360,570)</u>	<u>1,273,705</u>	<u>(6,556,177)</u>
Total capital assets, being depreciated, net	<u>13,098,505</u>	<u>6,657,360</u>	<u>-</u>	<u>19,755,865</u>
Governmental activities capital assets, net	<u>\$ 20,074,677</u>	<u>\$ 8,563,844</u>	<u>\$ (1,704,459)</u>	<u>\$ 26,934,062</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 39,548	\$ -	\$ -	\$ 39,548
Construction in progress	704,890	1,015,565	(986,452)	734,003
Total capital assets, not being depreciated	<u>744,438</u>	<u>1,015,565</u>	<u>(986,452)</u>	<u>773,551</u>
Capital assets, being depreciated:				
Buildings	472,000	-	-	472,000
Water/sewer system	14,470,509	1,035,000	-	15,505,509
Stormwater system	2,586,730	-	-	2,586,730
Machinery and equipment	203,733	-	(2,830)	200,903
Total capital assets, being depreciated:	<u>17,732,972</u>	<u>1,035,000</u>	<u>(2,830)</u>	<u>18,765,142</u>
Less accumulated depreciation for				
Buildings	(212,400)	(11,800)	-	(224,200)
Water/sewer system	(2,432,048)	(335,673)	-	(2,767,721)
Stormwater system	(678,344)	(143,198)	-	(821,542)
Machinery and equipment	(171,069)	(6,379)	2,830	(174,618)
Total accumulated depreciation	<u>(3,493,861)</u>	<u>(497,050)</u>	<u>2,830</u>	<u>(3,988,081)</u>
Total capital assets, being depreciated, net	<u>14,239,111</u>	<u>537,950</u>	<u>-</u>	<u>14,777,061</u>
Business-type capital assets, net	<u>\$ 14,983,549</u>	<u>\$ 1,553,515</u>	<u>\$ (986,452)</u>	<u>\$ 15,550,612</u>

Depreciation expense was charged to governmental functions as follows:	
General government	\$ 315,173
Public works	75,566
Police	222,669
Fire	98,526
Parks	243,079
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>405,557</u>
Total depreciation expense	<u>\$ 1,360,570</u>

Depreciation expense was charged to business type activities as follows:	
Water/sewer system	\$ 352,615
Stormwater system	<u>144,437</u>
Total depreciation expense	<u>\$ 497,052</u>

**NOTE 7 LEASES**

**A. Capital Leases:**

On September 30, 2005, the City had no capital leases outstanding.

**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 \$15,760 for the year ended September 30, 2005. The future minimum lease payments for these leases are as follows:

Year Ending September 30,	
2006	\$ 19,348
2007	19,348
2008	14,342
2009	4,331
2010	<u>2,478</u>
	<u>\$ 59,846</u>

**NOTE 8 PUBLIC IMPROVEMENT REVENUE BONDS**

**A. Bonds Payable:**

Bonds payable at September 30, 2005 are comprised of the following individual obligations:

Description	Interest Rate	Original Amount	Balance at September 30, 2005
Public Improvement Refunding Revenue Bond, Series 2003; due serially on September 1 of each year to September 1, 2013.	3.41%	\$ 7,305,000	\$ 5,835,000
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>2,340,000</u>
Total Bonds Payable			<u><u>\$ 8,175,000</u></u>

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

Fiscal Year Ending Sept. 30,	Principal	Interest	Total Debt Service
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	1,090,000	170,452	1,260,452
2011-2015	<u>3,110,000</u>	<u>321,680</u>	<u>3,431,680</u>
Totals	<u><u>\$ 8,175,000</u></u>	<u><u>\$ 1,543,575</u></u>	<u><u>\$ 9,718,575</u></u>

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

During the year ended September 30, 2005, the following changes occurred in liabilities reported:

	Balance 09/30/2004	Reductions	Additions	Balance 09/30/2005	Balance Due within One Year
<b>Governmental activities</b>					
Public Improvement Refunding Revenue Bonds Series 1996	\$ 2,520,000	\$ (180,000)	\$ -	\$ 2,340,000	\$ 190,000
Public Improvement Refunding Revenue Bonds Series 2003	6,560,000	(725,000)	-	5,835,000	750,000
Capital leases payable	34,256	(34,256)	-	-	-
Compensated absences Governmental activity Long -term liabilities	550,218	(16,412)	203,919	737,725	2,193
	<u>\$ 9,664,474</u>	<u>\$ (955,668)</u>	<u>\$ 203,919</u>	<u>\$ 8,912,725</u>	<u>\$ 942,193</u>
<b>Business-type activities:</b>					
Compensated absences Business-type activity Long-term liabilities	\$ 33,531	\$ -	\$ 452	\$ 33,983	\$ 2,718
	<u>\$ 33,531</u>	<u>\$ -</u>	<u>\$ 452</u>	<u>\$ 33,983</u>	<u>\$ 2,718</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 \$20,133 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, 2005. 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, 2005 were as follows:

Recipient Fund	Amount	Purpose
General Fund	655,000	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	33,000	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 expenditures incurred for the Tennis Complex.
Debt Service Funds	1,150,000	Transfer from the General Fund to cover the debt service payments for the Pubic Improvement Revenue Bonds of 1996 and Public Improvement Revenue Refunding Bond of 2003.
General Projects Fund	389,550	Transfer from General Fund to provide for general capital improvements of the city.
Fire Station Fund	1,205,000	Transfer from General Fund to provide for the construction of fire station.
Building Construction Fund	790,000	Transfer from General Fund to isolate the costs of City Hall renovation and construction of fire substation.
Vehicle Maintenance 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.

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, 2005.

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

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
September 30, 2005	\$ 361,893	100%	\$ -
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%	-

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

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
September 30, 2005	\$ 257,058	100%	\$ -
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%	-

The amounts legally required as of September 30, 2005 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 2004/2005, 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 1003
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 basis
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, reduced 3% 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% compound 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  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, then a dependent child can receive benefit until age 18.</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>15.6% of Salary</p>	<p>18.8% of Salary</p>
<p>Annual Pension Cost</p>	<p>445,087</p>	<p>314,485</p>
<p>Contributions Made</p>	<p>419,072</p>	<p>328,140</p>

**ACTUARIAL VALUATION:**

<p>Frequency</p>	<p>Annual</p>	<p>Annual</p>
<p>Latest Date</p>	<p>10/1/2004</p>	<p>10/1/2004</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, 2005

	<u>POLICE</u>	<u>FIRE</u>
<b>ACTUARIAL ASSUMPTIONS</b>		
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 Fire Table 2.
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	5.0%	0.03%	11.00%
30	3.8%	0.04%	20.70%
40	1.5%	0.07%	38.90%
50	0.0%	0.18%	73.00%

	<b>MEMBERS</b>	
	<u>POLICE</u>	<u>FIRE</u>
Active Participants:		
Vested	17	14
Non Vested	18	16
Service Retirees and Beneficiaries	8	1
Disability Retirees	1	1
Terminated Vested	3	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, 2005, payroll for the employees covered by this plan was \$3,374,117. Employer contributions required and made were \$185,632. Voluntary employee contributions during the fiscal year were \$12,275. As of September 30, 2005, participation in the plan consisted of 84 active members. The outstanding employee loan amount at September 30, 2005 was \$40,293.

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 Fiduciary Fund Statements**

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

City of Lake Mary, Florida  
Notes to the Financial Statements  
September 30, 2005

**City of Lake Mary, Florida**  
**Individual Statement of Pension Fund Net Assets**  
**Fiduciary Funds**  
**As of September 30, 2005**

	Police Pension Trust	Fire Pension Trust	General Employees Pension
<b>ASSETS</b>			
Cash and cash equivalents	\$ 569,618	\$ 273,666	\$ 17,984
Receivables:			
Interest receivable	18,409	11,269	-
Notes receivable - employees	-	-	40,293
Contributions receivable - employees	3,906	3,185	-
Contributions receivable - city	64,857	54,072	3,943
Contributions receivable - state	-	60,726	-
Total receivables	<u>87,172</u>	<u>129,252</u>	<u>44,236</u>
Investments at fair value			
Domestic corporate & Govt bonds	1,827,756	1,134,119	575,499
Domestic stocks	3,885,740	1,800,755	1,079,061
Other securities	15,936	196,642	125,890
Total investments	<u>5,729,432</u>	<u>3,131,516</u>	<u>1,780,450</u>
Total assets	<u>6,386,222</u>	<u>3,534,434</u>	<u>1,842,670</u>
<b>LIABILITIES</b>			
Accounts payable	12,186	5,409	-
Total liabilities	<u>12,186</u>	<u>5,409</u>	<u>-</u>
<b>NET ASSETS</b>			
Held in trust for pension benefits	<u>\$ 6,374,036</u>	<u>\$ 3,529,025</u>	<u>\$ 1,842,670</u>

Individual statements of the changes in fiduciary net assets follows:

**City of Lake Mary, Florida**  
**Individual Statement of Changes in Pension Fund Net Assets**  
**Fiduciary Funds**  
**For the Year Ended September 30, 2005**

	Police Pension Trust	Fire Pension Trust	General Employees Pension
<b>ADDITIONS</b>			
Contributions:			
City	\$ 259,429	\$ 216,287	\$ 202,267
State	180,306	165,871	-
Employee	99,150	71,082	12,275
Total contributions	<u>538,885</u>	<u>453,240</u>	<u>214,542</u>
Investment earnings			
Interest	166,800	93,042	-
Net increase (decrease) in fair value of investments	<u>437,672</u>	<u>224,407</u>	<u>169,212</u>
Net investment earnings	<u>604,472</u>	<u>317,449</u>	<u>169,212</u>
Total additions	<u>1,143,357</u>	<u>770,689</u>	<u>383,754</u>
<b>DEDUCTIONS</b>			
Benefit payments	179,821	19,875	29,882
Refunds of contributions	-	7,337	-
Administrative expenses	<u>55,928</u>	<u>37,533</u>	<u>866</u>
Total deductions	<u>235,749</u>	<u>64,745</u>	<u>30,748</u>
Change in net assets	907,608	705,944	353,006
Net assets - beginning	<u>5,466,428</u>	<u>2,823,081</u>	<u>1,489,664</u>
Net assets - ending	<u>\$ 6,374,036</u>	<u>\$ 3,529,025</u>	<u>\$ 1,842,670</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.



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



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# **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 facilities and equipment 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  
Year Ended September 30, 2005**

	Special Revenue				
	Police Education Fund	Police Impact Fees	Fire Impact Fees	Public Works Impact Fees	Recreation Impact Fees
<b>ASSETS</b>					
Current Assets:					
Cash and cash equivalents	\$ 36,060	\$ 80,103	\$ 11,375	\$ 21,920	\$ 10,018
Investments	49,512	318,718	91,714	51,312	48,859
Interest receivable	311	1,442	457	262	210
Unbilled service charges	-	-	-	-	-
Assessments receivable	-	-	-	-	-
Total Assets	<u>85,883</u>	<u>400,263</u>	<u>103,546</u>	<u>73,494</u>	<u>59,087</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts payable	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Reserved	-	-	-	-	-
Unreserved, undesignated	<u>85,883</u>	<u>400,263</u>	<u>103,546</u>	<u>73,494</u>	<u>59,087</u>
Total Fund Balance	<u>85,883</u>	<u>400,263</u>	<u>103,546</u>	<u>73,494</u>	<u>59,087</u>
Total liabilities and fund balances	<u>\$ 85,883</u>	<u>\$ 400,263</u>	<u>\$ 103,546</u>	<u>\$ 73,494</u>	<u>\$ 59,087</u>

Law Enforcement Trust	Street Lighting District	Total	Debt Service			Total Nonmajor Governmental Funds
			PIRB Series 1996	PIRRB Series 2003	Total	
\$ 49,283	\$ 7,619	\$ 216,378	\$ 29,370	\$ 11,262	\$ 40,632	\$ 257,010
118,759	2,060	680,934	-	-	-	680,934
608	35	3,325	-	-	-	3,325
-	923	923	-	-	-	923
-	2,903	2,903	-	-	-	2,903
<u>168,650</u>	<u>13,540</u>	<u>904,463</u>	<u>29,370</u>	<u>11,262</u>	<u>40,632</u>	<u>945,095</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	29,370	11,262	40,632	40,632
<u>168,650</u>	<u>13,540</u>	<u>904,463</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>904,463</u>
<u>168,650</u>	<u>13,540</u>	<u>904,463</u>	<u>29,370</u>	<u>11,262</u>	<u>40,632</u>	<u>945,095</u>
<u>\$ 168,650</u>	<u>\$ 13,540</u>	<u>\$ 904,463</u>	<u>\$ 29,370</u>	<u>\$ 11,262</u>	<u>\$ 40,632</u>	<u>\$ 945,095</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, 2005**

	Special Revenue Funds				
	Police Education Fund	Police Impact Fees	Fire Impact Fees	Public Works Impact Fees	Recreation Impact Fees
<b>REVENUES</b>					
Impact fees/assessments	\$ -	\$ 26,067	\$ 39,025	\$ 5,266	\$ 15,642
Fines and forfeitures	12,620	-	-	-	-
Investment income	1,773	8,622	3,925	1,484	1,337
Total revenues	<u>14,393</u>	<u>34,689</u>	<u>42,950</u>	<u>6,750</u>	<u>16,979</u>
<b>EXPENDITURES</b>					
Current:					
Public works	-	-	-	3,245	-
Public safety	8,500	-	15,519	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and other fiscal charges	-	-	-	-	-
Capital outlay:					
Public works	-	-	-	5,004	-
Public safety	-	21,872	246,336	-	-
Total expenditures	<u>8,500</u>	<u>21,872</u>	<u>261,855</u>	<u>8,249</u>	<u>-</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>5,893</u>	<u>12,817</u>	<u>(218,905)</u>	<u>(1,499)</u>	<u>16,979</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	(22,500)	-	(45,000)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(22,500)</u>	<u>-</u>	<u>(45,000)</u>
Net change in fund balances	5,893	12,817	(241,405)	(1,499)	(28,021)
Fund Balances - beginning	79,990	387,446	344,951	74,993	87,108
Fund Balances - end	<u>\$ 85,883</u>	<u>\$ 400,263</u>	<u>\$ 103,546</u>	<u>\$ 73,494</u>	<u>\$ 59,087</u>

			Debt Service			Total
Law Enforcement Trust	Street Lighting District	Total	PIRB Series 1996	PIRRB Series 2003	Total	Nonmajor Governmental Funds
\$ -	\$ 33,363	\$ 119,363	\$ -	\$ -	\$ -	\$ 119,363
24,380	-	37,000	-	-	-	37,000
3,422	206	20,769	-	-	-	20,769
<u>27,802</u>	<u>33,569</u>	<u>177,132</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>177,132</u>
-	-	3,245	-	-	-	3,245
22,500	-	46,519	-	-	-	46,519
-	-	-	180,000	725,000	905,000	905,000
-	-	-	124,777	217,660	342,437	342,437
-	-	5,004	-	-	-	5,004
-	-	268,208	-	-	-	268,208
<u>22,500</u>	<u>-</u>	<u>322,976</u>	<u>304,777</u>	<u>942,660</u>	<u>1,247,437</u>	<u>1,570,413</u>
<u>5,302</u>	<u>33,569</u>	<u>(145,844)</u>	<u>(304,777)</u>	<u>(942,660)</u>	<u>(1,247,437)</u>	<u>(1,393,281)</u>
-	-	-	305,000	845,000	1,150,000	1,150,000
-	(33,000)	(100,500)	-	-	-	(100,500)
-	(33,000)	(100,500)	305,000	845,000	1,150,000	1,049,500
5,302	569	(246,344)	223	(97,660)	(97,437)	(343,781)
<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>\$ 168,650</u>	<u>\$ 13,540</u>	<u>\$ 904,463</u>	<u>\$ 29,370</u>	<u>\$ 11,262</u>	<u>\$ 40,632</u>	<u>\$ 945,095</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, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fines and forfeitures	\$ 12,000	\$ 12,000	\$ 12,620	\$ 620
Investment income	250	250	1,773	1,523
Total revenues	<u>12,250</u>	<u>12,250</u>	<u>14,393</u>	<u>2,143</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	<u>8,500</u>	<u>8,500</u>	<u>8,500</u>	<u>-</u>
Total expenditures	<u>8,500</u>	<u>8,500</u>	<u>8,500</u>	<u>-</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>3,750</u>	<u>3,750</u>	<u>5,893</u>	<u>2,143</u>
Fund balances at beginning of year	<u>79,990</u>	<u>79,990</u>	<u>79,990</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 83,740</u></u>	<u><u>\$ 83,740</u></u>	<u><u>\$ 85,883</u></u>	<u><u>\$ 2,143</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, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Impact fees/assessments	\$ 15,400	\$ 15,400	\$ 26,067	\$ 10,667
Investment income	2,400	2,400	8,622	6,222
Total revenues	<u>17,800</u>	<u>17,800</u>	<u>34,689</u>	<u>16,889</u>
<b>EXPENDITURES</b>				
Capital Outlay:				
Public safety	22,000	22,000	21,872	128
Total expenditures	<u>22,000</u>	<u>22,000</u>	<u>21,872</u>	<u>128</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>(4,200)</u>	<u>(4,200)</u>	<u>12,817</u>	<u>17,017</u>
Fund balances at beginning of year	387,446	387,446	387,446	-
Fund balances at end of year	<u>\$ 383,246</u>	<u>\$ 383,246</u>	<u>\$ 400,263</u>	<u>\$ 17,017</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, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Impact fees/assessments	\$ 17,150	\$ 17,500	\$ 39,025	\$ 21,525
Investment income	1,380	1,380	3,925	2,545
Total revenues	<u>18,530</u>	<u>18,880</u>	<u>42,950</u>	<u>24,070</u>
<b>EXPENDITURES</b>				
Capital Outlay:				
Public safety	38,754	280,754	261,855	18,899
Total expenditures	<u>38,754</u>	<u>280,754</u>	<u>261,855</u>	<u>18,899</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>(20,224)</u>	<u>(261,874)</u>	<u>(218,905)</u>	<u>42,969</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(22,500)	(22,500)	(22,500)	-
Cash Balance Forward		242,000		(242,000)
Total other financing sources and uses	<u>(22,500)</u>	<u>219,500</u>	<u>(22,500)</u>	<u>(242,000)</u>
Net change in fund balances	<u>(42,724)</u>	<u>(42,374)</u>	<u>(241,405)</u>	<u>(199,031)</u>
Fund balances at beginning of year	<u>344,951</u>	<u>344,951</u>	<u>344,951</u>	<u>-</u>
Fund balances at end of year	<u>\$ 302,227</u>	<u>\$ 302,577</u>	<u>\$ 103,546</u>	<u>\$ (199,031)</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, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Impact fees/assessments	\$ 3,500	\$ 3,500	\$ 5,266	\$ 1,766
Investment income	420	420	1,484	1,064
Total revenues	<u>3,920</u>	<u>3,920</u>	<u>6,750</u>	<u>2,830</u>
<b>EXPENDITURES</b>				
Capital Outlay:				
Public works	<u>10,140</u>	<u>10,140</u>	<u>8,249</u>	<u>1,891</u>
Total expenditures	<u>10,140</u>	<u>10,140</u>	<u>8,249</u>	<u>1,891</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>(6,220)</u>	<u>(6,220)</u>	<u>(1,499)</u>	<u>4,721</u>
Fund balances at beginning of year	<u>74,993</u>	<u>74,993</u>	<u>74,993</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 68,773</u></u>	<u><u>\$ 68,773</u></u>	<u><u>\$ 73,494</u></u>	<u><u>\$ 4,721</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, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Impact fees/assessments	\$ 17,500	\$ 17,500	\$ 15,642	\$ (1,858)
Investment income	390	390	1,337	947
Total revenues	<u>17,890</u>	<u>17,890</u>	<u>16,979</u>	<u>(911)</u>
<b>EXPENDITURES</b>				
Capital Outlay:				
Parks and recreation	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>17,890</u>	<u>17,890</u>	<u>16,979</u>	<u>(911)</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	<u>(27,110)</u>	<u>(27,110)</u>	<u>(28,021)</u>	<u>(911)</u>
Fund balances at beginning of year	87,108	87,108	87,108	-
Fund balances at end of year	<u>\$ 59,998</u>	<u>\$ 59,998</u>	<u>\$ 59,087</u>	<u>\$ (911)</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, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fines and forfeitures	\$ -	\$ -	\$ 24,380	\$ 24,380
Investment income	450	450	3,422	2,972
Total revenues	<u>450</u>	<u>450</u>	<u>27,802</u>	<u>27,352</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	9,000	31,500	22,500	9,000
Total expenditures	<u>9,000</u>	<u>31,500</u>	<u>22,500</u>	<u>9,000</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>(8,550)</u>	<u>(31,050)</u>	<u>5,302</u>	<u>36,352</u>
Fund balances at beginning of year	163,348	163,348	163,348	-
Fund balances at end of year	<u>\$ 154,798</u>	<u>\$ 132,298</u>	<u>\$ 168,650</u>	<u>\$ 36,352</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, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Impact fees/assessments	\$ 33,000	\$ 33,000	\$ 33,363	\$ 363
Investment income	25	25	206	181
Total revenues	<u>33,025</u>	<u>33,025</u>	<u>33,569</u>	<u>544</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiencies) of revenues over (under) expenditures	<u>33,025</u>	<u>33,025</u>	<u>33,569</u>	<u>544</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(33,000)	(33,000)	(33,000)	-
Total other financing sources and uses	<u>(33,000)</u>	<u>(33,000)</u>	<u>(33,000)</u>	<u>-</u>
Net change in fund balances	25	25	569	544
Fund balances at beginning of year	12,971	12,971	12,971	-
Fund balances at end of year	<u>\$ 12,996</u>	<u>\$ 12,996</u>	<u>\$ 13,540</u>	<u>\$ 544</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, 2005**

	Police Pension Trust	Fire Pension Trust	General Employees Pension	Total Employee Pension Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 569,618	\$ 273,666	\$ 17,984	\$ 861,268
Receivables:				
Interest receivable	18,409	11,269	-	29,678
Notes receivable - employees	-	-	40,293	40,293
Contributions receivable - employees	3,906	3,185	-	7,091
Contributions receivable - city	64,857	54,072	3,943	122,872
Contributions receivable - state	-	60,726	-	60,726
Total receivables	<u>87,172</u>	<u>129,252</u>	<u>44,236</u>	<u>260,660</u>
Investments at fair value				
Domestic corporate & Govt bonds	1,827,756	1,134,119	575,499	3,537,374
Domestic stocks	3,885,740	1,800,755	1,079,061	6,765,556
Other securities	15,936	196,642	125,890	338,468
Total investments	<u>5,729,432</u>	<u>3,131,516</u>	<u>1,780,450</u>	<u>10,641,398</u>
Total assets	<u>6,386,222</u>	<u>3,534,434</u>	<u>1,842,670</u>	<u>11,763,326</u>
<b>LIABILITIES</b>				
Accounts payable	<u>12,186</u>	<u>5,409</u>	<u>-</u>	<u>17,595</u>
Total liabilities	<u>12,186</u>	<u>5,409</u>	<u>-</u>	<u>17,595</u>
<b>NET ASSETS</b>				
Held in trust for pension benefits	<u>\$ 6,374,036</u>	<u>\$ 3,529,025</u>	<u>\$ 1,842,670</u>	<u>\$ 11,745,731</u>

**City of Lake Mary, Florida**  
**Combining Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended September 30, 2005**

	Police Pension Trust	Fire Pension Trust	General Employees Pension	Total Employee Pension Funds
<b>ADDITIONS</b>				
Contributions:				
City	\$ 259,429	\$ 216,287	\$ 202,267	\$ 677,983
State	180,306	165,871	-	346,177
Employee	99,150	71,082	12,275	182,507
Total contributions	<u>538,885</u>	<u>453,240</u>	<u>214,542</u>	<u>1,206,667</u>
Investment earnings				
Interest	166,800	93,042	-	259,842
Net increase (decrease) in fair value of investments	<u>437,672</u>	<u>224,407</u>	<u>169,212</u>	<u>831,291</u>
Net investment earnings	<u>604,472</u>	<u>317,449</u>	<u>169,212</u>	<u>1,091,133</u>
Total additions	<u>1,143,357</u>	<u>770,689</u>	<u>383,754</u>	<u>2,297,800</u>
<b>DEDUCTIONS</b>				
Benefit payments	179,821	19,875	29,882	229,578
Refunds of contributions	-	7,337	-	7,337
Administrative expenses	<u>55,928</u>	<u>37,533</u>	<u>866</u>	<u>94,327</u>
Total deductions	<u>235,749</u>	<u>64,745</u>	<u>30,748</u>	<u>331,242</u>
Change in net assets	907,608	705,944	353,006	1,966,558
Net assets - beginning	<u>5,466,428</u>	<u>2,823,081</u>	<u>1,489,664</u>	<u>9,779,173</u>
Net assets - ending	<u>\$ 6,374,036</u>	<u>\$ 3,529,025</u>	<u>\$ 1,842,670</u>	<u>\$ 11,745,731</u>



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

**City of Lake Mary**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Comparative Schedules By Source<sup>1</sup>**  
**September 30, 2005 and 2004**

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	<b>2005</b>	<b>2004</b>
Governmental funds capital assets:		
Land	\$ 6,622,102	\$ 6,318,352
Buildings	17,888,605	11,666,305
Improvements other than buildings	2,873,977	2,864,247
Machinery & Equipment	1,547,894	1,402,538
Infrastructure	685,283	685,283
Construction in progress	556,095	657,820
Total governmental funds capital assets	\$ 30,173,956	\$ 23,594,545
Investments in governmental funds capital assets by source:		
General fund	\$ 13,748,942	\$ 13,405,371
Special revenue funds	479,460	474,456
Special revenue bonds	13,119,237	6,971,500
Grants	499,679	426,310
Contributions	2,326,638	2,316,908
Total governmental funds capital assets	\$ 30,173,956	\$ 23,594,545

<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, 2005**

<u>Function and Activity</u>	<u>Governmental Funds Capital Assets 10/01/04</u>	<u>Additions</u>	<u>Deletions</u>	<u>Governmental Funds Capital Assets 09/30/05</u>
General Government:				
Other Services	\$ 5,403,144	\$ -	\$ -	\$ 5,403,144
Records administration	8,020	-	-	8,020
Community Development	16,019	43,700	-	59,719
Finance	17,635	-	-	17,635
Total General Government	<u>5,444,818</u>	<u>43,700</u>	<u>-</u>	<u>5,488,518</u>
Public Works:				
Administration/Engineering	763,739	-	1,390	762,349
Streets/Sidewalks/Drainage	1,186,375	22,155	-	1,208,530
Total Public Works	<u>1,950,114</u>	<u>22,155</u>	<u>1,390</u>	<u>1,970,879</u>
Public Safety				
Police	6,034,080	33,155	-	6,067,235
Support Services	208,627	-	-	208,627
Fire	1,350,773	7,661,819	1,132,700	7,879,892
Total Public Safety	<u>7,593,480</u>	<u>7,694,974</u>	<u>1,132,700</u>	<u>14,155,754</u>
Parks and Recreation	<u>8,606,133</u>	<u>30,003</u>	<u>77,331</u>	<u>8,558,805</u>
Total governmental funds capital assets	<u>\$ 23,594,545</u>	<u>\$ 7,790,832</u>	<u>\$ 1,211,421</u>	<u>\$ 30,173,956</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, 2005**

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Infra- structure	Construction in 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	-	43,700	59,719
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>43,700</b>	<b>5,488,518</b>
<b>Public Works:</b>							
Administration/Engineering	50,300	689,551	9,808	12,690	-	-	762,349
Streets/Sidewalks/Drainage	-	-	-	10,852	685,283	512,395	1,208,530
<b>Total Public Works</b>	<b>50,300</b>	<b>689,551</b>	<b>9,808</b>	<b>23,542</b>	<b>685,283</b>	<b>512,395</b>	<b>1,970,879</b>
<b>Public Safety</b>							
Police	522,692	5,046,748	-	497,795	-	-	6,067,235
Support Services	-	-	-	208,627	-	-	208,627
Fire	303,750	7,263,928	-	312,214	-	-	7,879,892
<b>Total Public Safety</b>	<b>826,442</b>	<b>12,310,676</b>	<b>-</b>	<b>1,018,636</b>	<b>-</b>	<b>-</b>	<b>14,155,754</b>
<b>Parks and Recreation</b>	<b>4,287,594</b>	<b>1,550,946</b>	<b>2,498,244</b>	<b>222,021</b>	<b>-</b>	<b>-</b>	<b>8,558,805</b>
<b>Total governmental funds capital assets</b>	<b>\$ 6,622,102</b>	<b>\$ 17,888,605</b>	<b>\$ 2,873,977</b>	<b>\$ 1,547,894</b>	<b>\$ 685,283</b>	<b>\$ 556,095</b>	<b>\$ 30,173,956</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.

# Statistical Section

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

<b>Contents</b>	<b>Page</b>
Financial Trends	88
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	98
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	103
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
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.	
Demographic and Economic Information	106
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	108
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	
Supplemental Information	114
These schedules contain trend data for pension funds which is viewed by management as required information.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**City of Lake Mary, Florida**  
**Net Assets by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

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	Fiscal Year			
	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
Governmental activities				
Invested in capital assets, net of related debt	*	*	*	*
Restricted	*	*	*	*
Unrestricted	*	*	*	*
Total governmental activities net assets				
Business-type activities				
Invested in capital assets, net of related debt	*	*	*	*
Restricted	*	*	*	*
Unrestricted	*	*	*	*
Total business-type activities net assets				
Primary government				
Invested in capital assets, net of related debt	*	*	*	*
Restricted	*	*	*	*
Unrestricted	*	*	*	*
Total primary government net assets				

Note

\* Information not available prior to implementation of GASB Statement 34.

Fiscal Year					
<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
*	*	\$ 11,735	\$ 8,061	\$ 10,960	\$ 18,759
*	*	-	8,901	7,678	2,257
*	*	<u>12,439</u>	<u>9,524</u>	<u>10,583</u>	<u>11,293</u>
		<u>\$ 24,174</u>	<u>\$ 26,486</u>	<u>\$ 29,221</u>	<u>\$ 32,309</u>
*	*	\$ 13,534	\$ 14,044	\$ 14,983	\$ 15,551
*	*	951	1,049	1,145	2,189
*	*	<u>8,681</u>	<u>9,381</u>	<u>10,127</u>	<u>12,280</u>
		<u>\$ 23,166</u>	<u>\$ 24,474</u>	<u>\$ 26,255</u>	<u>\$ 30,020</u>
*	*	\$ 25,269	\$ 22,105	\$ 25,943	\$ 34,310
*	*	951	9,950	8,823	4,446
*	*	<u>21,120</u>	<u>18,905</u>	<u>20,710</u>	<u>23,573</u>
		<u>\$ 47,340</u>	<u>\$ 50,960</u>	<u>\$ 55,476</u>	<u>\$ 62,329</u>

**City of Lake Mary, Florida**  
**Changes in Net Assets**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

<b>Expenses</b>	Fiscal Year									
	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental activities:										
General government	*	*	*	*	*	*	\$ 1,728	\$ 2,266	\$ 3,187	\$ 2,492
Public works	*	*	*	*	*	*	719	816	2,987 <sup>1</sup>	1,184
Public safety	*	*	*	*	*	*	6,193	6,546	7,402	8,082
Parks and recreation	*	*	*	*	*	*	1,231	2,190	1,598	1,747
Interest & other fiscal charges on long-term debt	*	*	*	*	*	*	345	332	389	345
<b>Total governmental activities expenses</b>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>10,216</u>	<u>12,150</u>	<u>15,563</u>	<u>13,850</u>
Business-type activities:										
Water & Sewer	*	*	*	*	*	*	1,969	2,114	2,479	2,447
Stormwater	*	*	*	*	*	*	122	160	239	275
<b>Total business-type activities expenses</b>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>\$ 2,091</u>	<u>\$ 2,274</u>	<u>\$ 2,718</u>	<u>\$ 2,722</u>
 <b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	*	*	*	*	*	*	\$ 141	\$ 203	\$ 234	\$ 343
Public works	*	*	*	*	*	*	6	4	4	5
Public safety	*	*	*	*	*	*	955	1,176	1,128	1,320
Parks and recreation	*	*	*	*	*	*	227	219	209	213
Operating grants and contributions	*	*	*	*	*	*	10	665	2,772 <sup>1</sup>	957
Capital grants and contributions	*	*	*	*	*	*	127	524	807	140
<b>Total governmental activities program revenues</b>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>1,466</u>	<u>2,791</u>	<u>5,154</u>	<u>2,978</u>
Business-type activities:										
Charges for services:										
Water & Sewer	*	*	*	*	*	*	3,367	3,283	3,474	3,411
Stormwater	*	*	*	*	*	*	229	236	242	248
Capital grants and contributions	*	*	*	*	*	*	268	417	1,251	1,241
<b>Total business-type activities program revenues</b>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>3,864</u>	<u>3,936</u>	<u>4,967</u>	<u>4,900</u>
<b>Total government program revenues</b>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>\$ 5,330</u>	<u>\$ 6,727</u>	<u>\$ 10,121</u>	<u>\$ 7,878</u>

	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Net (expense)/revenue										
Governmental activities	*	*	*	*	*	*	\$ (8,750)	\$ (9,359)	\$ (10,409)	\$ (10,872)
Business-type activities	*	*	*	*	*	*	1,773	1,662	2,249	2,178
Total government net expense	*	*	*	*	*	*	\$ (6,977)	\$ (7,697)	\$ (8,160)	\$ (8,694)

**General Revenues and Other Changes in Net Assets**

Governmental activities:

Taxes										
Property taxes	*	*	*	*	*	*	\$ 4,615	\$ 5,038	\$ 6,056	\$ 6,033
Franchise and utility taxes	*	*	*	*	*	*	4,420	4,707	5,040	5,449
Unrestricted intergovernmental revenues	*	*	*	*	*	*	1,533	972	1,063	1,240
Unrestricted investment earnings	*	*	*	*	*	*	549	336	280	341
Miscellaneous revenues	*	*	*	*	*	*	52	69	81	241
Transfers	*	*	*	*	*	*	475	550	625	655
Total governmental activities	*	*	*	*	*	*	11,644	11,672	13,145	13,959
Business-type activities:										
Investment earnings	*	*	*	*	*	*	361	195	157	271
Miscellaneous revenues	*	*	*	*	*	*	-	-	-	1,970
Transfers	*	*	*	*	*	*	(475)	(550)	(625)	(655)
Total business-type activities	*	*	*	*	*	*	(114)	(355)	(468)	1,586
Total government	*	*	*	*	*	*	\$ 11,530	\$ 11,317	\$ 12,677	\$ 15,545

**Change in Net Assets**

Governmental activities	*	*	*	*	*	*	\$ 2,894	\$ 2,313	\$ 2,736	\$ 3,087
Business-type activities	*	*	*	*	*	*	1,659	1,307	1,781	3,764
Total government	*	*	*	*	*	*	\$ 4,553	\$ 3,620	\$ 4,517	\$ 6,851

Note

\* Information not available prior to implementation of GASB Statement 34.

1 Increase from prior period was caused by 2004 Hurricanes Charley, Frances & Jeanne, and accrued FEMA reimbursement.

**City of Lake Mary, Florida**  
**Governmental Activities Tax Revenues by Source**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

Fiscal Year	Property Tax	Franchise Tax	Utility Tax	Total
1996	\$ 2,013	\$ 668	\$ 1,268	\$ 3,949
1997	2,141	726	1,359	4,226
1998	2,397	888	1,691	4,976
1999	2,923	980	2,085	5,988
2000	3,510	1,119	2,402	7,031
2001	4,033	1,287	2,404	7,724
2002	4,615	1,167	3,254	9,036
2003	5,038	1,276	3,430	9,744
2004	6,056	1,449	3,623	11,128
2005	6,033	1,644	3,805	11,482

**Taxes included in Unrestricted Intergovernmental Revenues**

Fiscal Year	Sales Tax	State Revenue Sharing	Other	Total
1996	\$ 377	\$ 94	\$ 3	\$ 474
1997	412	95	2	509
1998	460	104	5	569
1999	545	114	6	665
2000	671	86	5	762
2001	677	111	7	795
2002	781	113	7	901
2003	838	127	7	972
2004	910	146	8	1,064
2005	1,011	222	7	1,240



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**City of Lake Mary, Florida**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

	Fiscal Year			
	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
General fund				
Reserved	\$ 2	\$ -	\$ 1	\$ 2,675
Unreserved	<u>2,825</u>	<u>4,109</u>	<u>5,416</u>	<u>4,631</u>
Total general fund	<u>\$ 2,827</u>	<u>\$ 4,109</u>	<u>\$ 5,417</u>	<u>\$ 7,306</u>
All other governmental funds				
Reserved	\$ 4,439	\$ 4,425	\$ 4,725	\$ 3,972
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Debt service funds	<u>28</u>	<u>48</u>	<u>61</u>	<u>80</u>
Total all other governmental funds	<u>\$ 4,467</u>	<u>\$ 4,473</u>	<u>\$ 4,786</u>	<u>\$ 4,052</u>

Fiscal Year					
<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
\$ 1,735	\$ -	\$ 6	\$ 4	\$ 5	\$ 11
<u>6,622</u>	<u>7,739</u>	<u>9,782</u>	<u>8,047</u>	<u>6,859</u>	<u>9,834</u>
<u><u>\$ 8,357</u></u>	<u><u>\$ 7,739</u></u>	<u><u>\$ 9,788</u></u>	<u><u>\$ 8,051</u></u>	<u><u>\$ 6,864</u></u>	<u><u>\$ 9,845</u></u>
\$ 2,535	\$ 1,261	\$ 1,415	\$ 8,999	\$ 7,816	\$ 2,297
-	993	1,228	1,198	1,151	904
<u>83</u>	<u>133</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u><u>\$ 2,618</u></u>	<u><u>\$ 2,387</u></u>	<u><u>\$ 2,643</u></u>	<u><u>\$ 10,197</u></u>	<u><u>\$ 8,967</u></u>	<u><u>\$ 3,201</u></u>

**City of Lake Mary, Florida**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

	Fiscal Year			
	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
<b>Revenues</b>				
Taxes				
Property	\$ 2,013	\$ 2,141	\$ 2,397	\$ 2,923
Franchise and utility taxes	1,936	2,085	2,578	3,065
Licenses and Permits	484	1,061	808	1,049
Intergovernmental	1,512	914	5,456	4,767
Charges for services	166	218	175	200
Impact fees/assessments	232	419	252	535
Fines and forfeitures	149	157	191	261
Investment earnings	265	516	620	374
Miscellaneous	98	304	279	93
Total revenues	<u>6,855</u>	<u>7,815</u>	<u>12,756</u>	<u>13,267</u>
<b>Expenditures</b>				
General government	1,097	1,287	1,548	1,857
Public works	372	459	452	467
Public safety	2,352	2,442	2,625	2,955
Parks and recreation	564	566	620	765
Capital outlay	1,056	1,146	5,285	5,595
Debt service				
Principal	245	385	405	410
Interest	351	424	410	397
Other charges	81	-	-	-
Total expenditures	<u>6,118</u>	<u>6,709</u>	<u>11,345</u>	<u>12,446</u>
Excess of revenues over (under) expenditures	737	1,106	1,411	821
Other financing sources (uses)				
Transfers in	1,148	1,658	1,615	1,685
Transfers out	(784)	(1,304)	(1,273)	(1,355)
Refunding bonds issued	-	-	-	-
Bonds issued	3,649	-	-	-
Payments to refunded bond escrow agent	-	-	-	-
Sale of capital assets	-	-	-	5
Total other financing sources (uses)	<u>4,013</u>	<u>354</u>	<u>342</u>	<u>335</u>
Net change in fund balances	<u>\$ 4,750</u>	<u>\$ 1,460</u>	<u>\$ 1,753</u>	<u>\$ 1,156</u>
Debt service as a percentage of noncapital expenditures	13.59%	17.02%	15.54%	13.35%

Fiscal Year						
<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	
\$ 3,510	\$ 4,033	\$ 4,615	\$ 5,038	\$ 6,056	\$ 6,033	
3,521	3,690	4,420	4,707	5,073	5,449	
680	668	529	669	735	896	
1,557	1,423	1,670	2,115	1,823	4,422	
207	332	392	438	432	644	
232	206	153	199	120	119	
252	243	256	285	245	210	
713	1,032	529	328	267	317	
83	79	51	126	152	156	
<u>10,755</u>	<u>11,706</u>	<u>12,615</u>	<u>13,905</u>	<u>14,903</u>	<u>18,246</u>	
1,407	1,643	1,569	2,201	2,252	2,118	
532	540	676	816	2,958	1,121	
4,309	5,280	5,606	6,333	6,757	7,776	
1,043	1,288	1,163	1,301	1,380	1,506	
3,406	3,409	950	1,147	3,316	7,980	
430	450	360	495	875	905	
381	363	332	299	384	342	
-	-	28	23	-	-	
<u>11,508</u>	<u>12,973</u>	<u>10,684</u>	<u>12,615</u>	<u>17,922</u>	<u>21,748</u>	
(753)	(1,267)	1,931	1,290	(3,019)	(3,502)	
2,460	4,772	2,500	5,893	4,119	4,267	
(2,091)	(4,360)	(2,047)	(5,365)	(3,516)	(3,635)	
-	-	3,790	7,305	-	-	
-	-	-	-	-	-	
-	-	(3,870)	(3,305)	-	-	
-	5	1	-	-	85	
<u>369</u>	<u>417</u>	<u>374</u>	<u>4,528</u>	<u>603</u>	<u>717</u>	
<u>\$ (384)</u>	<u>\$ (850)</u>	<u>\$ 2,305</u>	<u>\$ 5,818</u>	<u>\$ (2,416)</u>	<u>\$ (2,785)</u>	
11.12%	9.29%	7.99%	7.67%	9.43%	9.96%	

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

Fiscal Year Ended September 30,	Real Property					
	Total Residential and Commercial Real Property	Residential Property	% Residential	Commercial Property	% Commercial	Personal Property
1996	\$ 544,617	\$ 332,473	61.05%	\$ 212,144	38.95%	\$ 96,186
1997	579,256	354,124	61.13%	225,132	38.87%	107,133
1998	660,127	403,728	61.16%	256,399	38.84%	116,608
1999	754,895	451,953	59.87%	302,942	40.13%	171,354
2000	894,567	499,872	55.88%	394,695	44.12%	212,300
2001	990,544	535,434	54.05%	455,110	45.95%	259,474
2002	1,163,912	625,705	53.76%	538,207	46.24%	276,111
2003	1,168,702	508,248	43.51%	660,454	56.49%	267,777
2004	1,261,704	554,454	43.97%	707,250	56.03%	290,525
2005	1,307,139	616,614	47.20%	690,525	52.80%	268,047

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<u>Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
\$ 98,460	\$ 552,745	3.7648	\$ 651,157	84.89%
102,163	592,156	3.7648	694,246	85.29%
119,282	663,187	3.7648	782,390	84.76%
128,979	803,034	3.7648	931,932	86.17%
139,978	971,514	3.7648	1,111,343	87.42%
145,569	1,130,890	3.7648	1,276,311	88.61%
169,601	1,275,426	3.7648	1,444,875	88.27%
213,302	1,431,361	3.7648	1,644,474	87.04%
233,805	1,544,834	3.9998	1,778,472	86.86%
271,364	1,567,900	3.9998	1,839,181	85.25%

**City of Lake Mary, Florida**  
**Property Tax Rates**  
**Direct and Overlapping<sup>1</sup> Governments**  
**Last Ten Fiscal Years<sup>2</sup>**

Fiscal Year	Overlapping Rates								Total Direct & Overlapping Rates
	City of Lake Mary Operating Millage	Seminole County			School District			St. John's Water Management District	
		Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage		
1996	3.7648	5.1638	0.2134	5.3772	9.2690	1.0680	10.3370	0.4820	19.9610
1997	3.7648	5.1638	0.2251	5.3889	9.3880	0.9200	10.3080	0.4820	19.9437
1998	3.7648	5.1638	0.1987	5.3625	9.1560	0.8800	10.0360	0.4820	19.6453
1999	3.7648	5.1638	0.1234	5.2872	9.1020	0.8160	9.9180	0.4820	19.4520
2000	3.7648	4.9989	0.1170	5.1159	8.7850	0.7560	9.5410	0.4820	18.9037
2001	3.7648	4.9989	0.1083	5.1072	8.6550	0.6900	9.3450	0.4620	18.6790
2002	3.7648	4.9989	0.2208	5.2197	8.5230	0.6390	9.1620	0.4620	18.6085
2003	3.7648	4.9989	0.2086	5.2075	8.4790	0.5210	9.0000	0.4620	18.4343
2004	3.9998	4.9989	0.1910	5.1899	8.2410	0.4950	8.7360	0.4620	18.3877
2005	3.9998	4.9989	0.1721	5.1710	8.1270	0.3850	8.5120	0.4620	18.1448

Source: Seminole County Tax Collectors Office

<sup>1</sup> Overlapping rates are those of local and county governments that apply to property owners within the City of Lake Mary.

<sup>2</sup> Taxes levied for the fiscal year are based on the prior year taxable value.

**City of Lake Mary, Florida**  
**Principal Property Taxpayers**  
**September 30, 2005**  
**(amounts expressed in thousands)**

Taxpayer	2005			1996		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Nextel South Corp - FL9008	\$ 59,484	1	3.49%			
Colonial Realty LP	53,902	2	3.16%			
Koger Equity Inc.	30,167	3	1.77%			
Sun Life Assurance Co of Canada	27,436	4	1.61%			
Duke-Weeks LP	24,871	5	1.46%			
Cingular Wireless LLC	23,764	6	1.39%			
North Point LP	21,540	7	1.26%			
Golfview Apts Assoc Ltd	20,506	8	1.20%			
Crescent Resources, Inc	19,405	9	1.14%			
Wachovia Trust Co, Trustee	19,365	10	1.14%			
Siemens Stromberg	-		-	\$ 17,548	1	8.93%
A T & T	-		-	22,475	2	4.22%
Recoton	-		-	17,268	3	3.24%
James E. Long (Primera)	-		-	12,599	4	2.37%
Lake Mary Assoc, LP	-		-	11,392	5	2.14%
HIBC Dev Corp	-		-	7,817	6	1.47%
Suntech/Orlando Ltd Partner	-		-	6,578	7	1.24%
Home Depot, USA	-		-	6,039	8	1.13%
Shell Land & Energy (Northpoint)	-		-	5,898	9	1.11%
Edward B. Lipkin, Trustee	-		-	5,154	10	0.97%
Totals	<u>\$ 300,440</u>		<u>17.62%</u>	<u>\$ 112,768</u>		<u>26.82%</u>

Source: Seminole County Property Appraiser (www.scpafl.org)

**City of Lake Mary, Florida**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

Fiscal Year Ended September 30,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1996	\$ 2,043	\$ 2,003	98.04%	\$ 3	\$ 2,006	98.19%
1997	2,185	2,137	97.80%	9	2,146	98.22%
1998	2,465	2,388	96.88%	4	2,392	97.04%
1999	3,008	2,919	97.04%	3	2,922	97.14%
2000	3,630	3,507	96.61%	12	3,519	96.94%
2001	4,247	4,021	94.68%	68	4,089	96.28%
2002	4,781	4,547	95.11%	12	4,559	95.36%
2003	5,404	5,026	93.01%	172	5,198	96.19%
2004	6,158	5,884	95.55%	18	5,902	95.84%
2005	6,236	6,014	96.44%		6,014	96.44%

**City of Lake Mary, Florida**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
**(dollars in thousands, except per capita)**

Fiscal Year Ended September 30,	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income <sup>2</sup>	Per Capita
	Refunding Revenue Bonds <sup>3</sup>	Revenue Bonds	Water Revenue Bonds <sup>1</sup>				
1996	\$ 5,230	\$ 3,740	\$ 1,398	\$ 10,368	**	\$ 1,388	
1997	4,980	3,605	1,380	9,965	4.61%	1,202	
1998	4,715	3,465	1,361	9,541	**	1,014	
1999	4,445	3,325	-	7,770	**	760	
2000	4,165	3,175	-	7,340	2.46%	689	
2001	3,870	3,020	-	6,890	**	557	
2002	3,590	2,860	-	6,450	**	498	
2003	7,260	2,695	-	9,955	2.46%	756	
2004	6,560	2,520	-	9,080	2.06%	658	
2005	5,835	2,340	-	8,175	1.96%	587	

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

- 1 Water Revenue Bonds were paid off in full September 1, 1999.
- 2 See Demographic and Economic Statistics for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- \*\* Information is not available.
- 3 Refunding Revenue bonds were refunded in 2002 and again in 2003 which included a new issue of \$4 million.

**City of Lake Mary, Florida**  
**Direct and Overlapping Governmental Activities Debt**  
**As of September 30, 2005**  
**(amounts expressed in thousands)**

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Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>1</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping Debt:			
Seminole County General Obligation Debt	\$ 30,000	7.39%	\$ 2,216
Subtotal, overlapping debt			
Direct Debt:			
City of Lake Mary General Obligation Debt <sup>2</sup>	-	100%	-
Total direct and overlapping debt	<u>\$ 30,000</u>		<u>\$ 2,216</u>

Sources

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

<sup>1</sup> Ratio of assessed valuation of taxable property in overlapping unit to that within the City of Lake Mary.

<sup>2</sup> City of Lake Mary does not currently have any General Obligation Debt.

**City of Lake Mary, Florida  
Pledged-Revenue Coverage  
Last Ten Fiscal Years**

**General Government**

Fiscal Year Ended Sept 30,	Public Service Taxes	Half-Cent Sales Tax	Electric Franchise Fees <sup>1</sup>	Total Revenue Available for Debt Service	Maximum Annual Debt Service	Coverage	Coverage without Franchise Fees
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
2005	3,805,221	1,010,834	1,341,598	6,157,653	815,235	7.55 x	5.91 x

**Water Revenue Bonds**

Fiscal Year Ended Sept 30,	Gross Revenues <sup>2</sup>	Operating Expenses <sup>3</sup>	Net Revenue Available for Debt Service	Debt Service Requirements <sup>4</sup>			Coverage
				Principal	Interest	Total	
1996	\$ 1,504,651	\$ 1,066,306	\$ 438,345	\$ 17,000	\$ 109,561	\$ 126,561	3.46 x
1997	1,669,835	1,152,261	517,574	18,000	108,408	126,408	4.09 x
1998	2,457,241	999,691	1,457,550	19,000	107,170	126,170	11.55 x
1999	2,859,462	1,042,638	1,816,824	21,000	105,849	126,849	14.32 x
2000	3,270,894	1,404,936	1,865,958	4	4	4	n/a
2001	3,231,202	1,513,356	1,717,846	4	4	4	n/a
2002	3,366,562	1,672,188	1,694,374	4	4	4	n/a
2003	3,283,475	1,742,792	1,540,683	4	4	4	n/a
2004	3,473,449	2,119,302	1,354,147	4	4	4	n/a
2005	3,428,073	2,070,186	1,357,887	4	4	4	n/a

Notes:

- 1 Net of \$7,500 pledged to the City's Water Revenue Bonds, Series 1984, paid off in full as of September 1, 1999.
- 2 Gross revenue is computed per bond resolution requirements, and is equivalent to revenue recognized under generally accepted accounting principles (GAAP).
- 3 "Direct operating expense" is computed per bond resolution requirements, and is equal to expenses recognized under GAAP (less interest, depreciation, and amortization expense) losses on disposal of fixed assets, and non-recurring transfers out.
- 4 All outstanding revenue bonds were paid in full as of September 1, 1999.

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

Fiscal Year	Population <sup>1</sup>	Personal Income (amounts expressed in thousands)	Per Capita Personal Income <sup>1</sup>	Median Age <sup>1</sup>	Education Level in Years of Formal Schooling <sup>1</sup>	School Enrollment <sup>3</sup>	Unemployment Rate
1996	7,470	\$ *	\$ *	*	*	780	4.3%
1997	8,289	216,078	26,068	35.5	*	765	3.2%
1998	9,409	*	*	*	*	740	2.6%
1999	10,222	*	*	*	*	750	2.9%
2000	10,658	297,912	27,952	37.1	13.95	731	2.6%
2001	12,359	*	*	*	*	579	3.6%
2002	12,964	*	*	*	*	771	5.0%
2003 <sup>2</sup>	13,163	404,696	30,745 <sup>2</sup>	38.2 <sup>2</sup>	13.95	1,444	4.5%
2004	13,792	440,241	31,920	38.6	13.93	1,354	4.3%
2005	13,922	417,702	30,003	39.1	13.51	1,314	3.5%

\* Data not available

Sources:

- 1 Metro Orlando Economic Development Commission
- 2 Decision Data Resources (estimated for 2003)
- 3 Lake Mary Elementary; Lake Mary Preparatory School added 2003
- 4 US Department of Labor, Bureau of Labor Statistics

**City of Lake Mary, Florida  
Principal Employers  
Current Year and Nine Years Ago**

Employer	2005 <sup>1</sup>			1996 <sup>2</sup>		
	Employees	Rank	Percentage of Total City Employment	Taxable Assessed Value	Rank	Percentage of Total City Employment
Bank One	1,200	1	3.43%	*	*	*
A T & T	1,132	2	3.23%	*	*	*
Symantec	836	3	2.39%	*	*	*
Del-Air Heating & Air	700	4	2.00%	*	*	*
American International Group	600	5	1.71%	*	*	*
Priority Healthcare Corp	500	6	1.43%	*	*	*
Sunguard H T E Inc	486	7	1.39%	*	*	*
Liberty Mutual	400	8	1.14%	*	*	*
Cingular Wireless	342	9	0.98%	*	*	*
ABB Power	300	10	0.86%	*	*	*
<b>Total</b>	<b>6,496</b>		<b>18.56%</b>			

Source: BusinessinSeminole.com

Note 1: The City of Lake Mary has an estimated daytime population of over 35,000 with approximately 713 business establishments as of 9/30/2005.

Note 2: \* Information is not available.

**City of Lake Mary, Florida**  
**Full-time Equivalent City Government Employees by Function**  
**Last Ten Fiscal Years**

Function	Full-time Equivalent Employees as of September 30,									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
General Government	17	18	20	16	21	23	24	24	24	25
Public Safety:										
Police										
Sworn Officers	24	24	26	26	29	29	31	33	34	35
Non sworn officers	1	1	2	2	2	1	1	1	1	1
Civilians <sup>1</sup>	9	11	10	12	12	12	12	16	17	13
Fire										
Firefighters and officers	14	14	15	15	15	20	21	21	21	29
Building & Life Safety <sup>2</sup>	-	9	10	14	17	16	16	17	17	15
Civilians <sup>3</sup>	-	-	-	1	1	1	1	1	1	1
Public Works	12	12	15	16	16	17	18	18	18	19
Parks and Recreations	15	14	16	14	15	17	18	18	19	18
<b>Total</b>	<b>92</b>	<b>103</b>	<b>114</b>	<b>116</b>	<b>128</b>	<b>136</b>	<b>142</b>	<b>149</b>	<b>151</b>	<b>156</b>

Notes:

- 1 Police civilians include emergency communications center operations personnel.
- 2 Building and Life Safety was changed from General Government to Fire in 1997.
- 3 Fire Administrative Assistant added 1999.



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**City of Lake Mary, Florida  
Operating Indicators by Function  
Last Ten Fiscal Years**

Function	Fiscal Year			
	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
<b>Police</b>				
Auto Accidents	812	818	983	995
Physical arrests	304	314	372	505
Criminal Investigations Conducted	364	401	468	550
Total Calls for Service	12,635	17,223	19,789	20,481
911 Calls Received	2,918	3,208	3,504	3,760
Evidence Processed (pieces)	*	*	932	932
<b>Fire &amp; Life Safety</b>				
Total Permits Issued	2,509	3,448	3,882	4,125
Construction inspections	6,199	8,285	10,449	9,072
Public Education Programs	48	39	57	57
Number of emergency calls answered	1,000	1,118	1,736	2,098
Medical Transports	**	**	**	**
<b>Highways and streets</b>				
Streets paved (miles)	3.0	3.0	3.0	7.0
Streets resurfaced (tons/asphalt)	45.0	50.0	74.0	55.0
Sidewalks/bike paths built or repaired (feet)	2,200	505	1,938	3,065
<b>Culture and recreation</b>				
Sports Complex ball games & field rentals	1,130	1,281	1,150	1,375
Tennis membership	**	**	**	**
<b>Water</b>				
New connections	250	540	535	535
Number of customers	3,346	3,538	4,040	4,344
Water main breaks	35	60	54	50
Average daily consumption (millions of gallons)	1.50	1.50	1.50	3.80
Meter reads	42,000	44,440	41,385	50,500
<b>General Government</b>				
Employment applications received	269	310	500	600
Personnel actions processed	260	110	175	200
Legal Notices published	125	147	141	134
Occupational Licenses issued	492	554	755	746
Accidents & Injuries reviewed	59	45	69	80
Land Use amendments & rezonings	25	27	28	28
License/Permit Reviews	*	*	1,277	1,298
Employees paid	2,934	2,927	3,015	3,060
Checks deposited	37,960	43,741	46,644	50,137
A/P Checks issued	2,806	2,979	3,472	3,462
Purchase orders/EPO's processed	*	*	2,378	2,467

**Notes**

- \* Information not available
- \*\* Service was not available

Fiscal Year						
<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	
1,031	1,048	1,032	1,035	1,087	828	
449	378	345	490	515	531	
544	575	449	528	304	756	
24,521	25,309	28,644	30,392	31,784	31,122	
3,865	3,894	4,331	5,407	4,904	5,076	
960	1,217	898	1,186	1,712	1,522	
3,962	3,904	3,283	3,022	2,309	2,417	
10,828	10,578	7,384	7,627	7,816	7,833	
56	76	111	274	155	98	
2,089	2,687	2,815	2,923	3,175	3,463	
**	100	953	1,043	1,070	1,217	
3.0	2.0	2.0	0.9	3.9	1.7	
75.0	54.0	72.0	45.0	51.3	49.5	
305	1,193	802	2,306	2,048	1,679	
1,425	1,407	1,339	1,441	1,342	1,430	
**	**	125	110	120	126	
150	196	170	125	104	48	
4,557	4,379	4,465	4,645	4,736	4,783	
50	60	75	57	85	78	
3.78	3.78	3.58	2.77	3.62	3.78	
49,715	52,326	56,425	55,143	55,982	57,082	
300	930	506	774	737	749	
430	431	400	473	457	485	
125	95	91	119	106	96	
732	1,081	829	1,188	1,359	1,565	
75	90	104	52	60	60	
12	18	10	22	23	21	
1,170	1,032	461	958	1,046	1,112	
3,487	3,425	3,773	3,916	3,940	4,540	
52,806	52,487	50,598	51,377	51,592	47,095	
3,753	3,999	3,595	3,916	3,763	4,039	
1,635	1,565	1,563	1,673	1,629	1,890	

**City of Lake Mary, Florida  
Capital Asset Statistics by Function  
Last Ten Fiscal Years**

Function	Fiscal Year			
	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
Public safety				
Police:				
Stations	1	1	1	1
Patrol units	27	27	30	30
Fire stations	1	1	1	1
Highways and streets				
Streets - paved (miles)	26.00	26.00	26.00	44.05
Streets - unpaved (miles)	15.00	15.00	15.00	6.60
Street lights	*	*	*	*
Traffic Signals	8	8	8	8
Culture and recreation				
Park acreage	35	35	35	39
Parks	7	7	7	8
Tennis courts	2	2	2	2
Community centers	1	1	1	1
Historical Museum	1	1	1	1
Water				
Water mains (miles)	93.6	93.6	93.6	95.8
Fire hydrants	303	303	303	502
Maximum daily capacity (millions of gallons)	4.36	4.36	4.36	4.84
Sewer				
Sanitary sewers (miles)	9.00	9.00	9.00	19.30
Storm sewers (miles)	*	*	*	*

Notes

\* Information not available

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Fiscal Year						
<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	
1	1	1	1	1	1	1
33	33	34	36	37	39	
1	1	1	1	1	1	1
44.05	44.05	47.23	47.23	50.38	50.38	
6.60	6.60	3.42	3.42	3.42	3.42	
*	*	*	893	917	920	
8	8	8	8	8	10	
39	39	39	39	39	39	
8	8	8	8	8	8	
2	2	9	9	9	9	
1	1	1	1	1	2	
1	1	1	1	1	1	
97.1	97.9	101.0	101.0	102.6	103.0	
565	565	595	595	612	716	
4.84	4.84	12.96	12.96	12.96	12.96	
19.30	19.30	21.30	28.30	30.00	30.00	
*	*	*	36.62	37.29	46.00	

**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	
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%
2005	604,472	538,885	179,821	-	44,849	11,079	13.1%

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 Fund**  
**Last Ten Fiscal Years**

Year	Revenues by Source		Expenses by Type				City Contribution as a Percent of Payroll
	Investment Income Net	Contributions	Benefits	Refunds	Investment Related Expenses (1)	Admin. Expenses	
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%
2005	317,449	453,240	19,875	7,337	28,998	8,535	15.2%

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



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## **OTHER REPORTS**



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

Honorable Mayor and City Commission  
City of Lake Mary, Florida  
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, 2005, and have issued our report thereon dated December 1, 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.

***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.

***Compliance and Other Matters*** - 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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*

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 is not intended to be, and should not be used by anyone other than these specified parties.

*McDermitt Davis & Company, LLC*

December 1, 2005

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

MANAGEMENT COMMENTS

Honorable Mayor and City Commission  
City of Lake Mary, Florida  
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, 2005, 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 Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements performed in accordance with *Government Auditing Standards*. Disclosures in that report which is dated December 1, 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 is not intended to be and should not be used by anyone other than those specified parties.

*McDirmit Davis & Company, LLC*

December 1, 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 has not, met any of the 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.