

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
of the
CITY OF LAKE MARY
FLORIDA
FISCAL YEAR ENDED
September 30, 2006**



PREPARED BY THE
FINANCE DEPARTMENT

CITY OF LAKE MARY, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006
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City of Lake Mary

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John C. Litton
City Manager

February 9, 2007

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, 2006. 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, 2006, 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, 2006, 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 14,020. 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 uses them 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 86th 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 2005 and 2006 depicts a decline in FEMA grant revenues from the previous years hurricane cleanup costs within intergovernmental revenues. Increases in licenses and permits as well as charges for services relate largely to the major condominium complex construction projects as well as commercial building construction activities. Investment income increased due to continued improvements in the interest rate environment. Fines and forfeitures showed a decrease in revenues due to a change in the state law regarding the distribution of DUI fines between the Clerk of the Court and municipalities.

Revenue Trends

(amounts shown in the thousands)

	2005 Total	2006 Total	Increase / (Decrease)	% Increase / (Decrease)
Revenues				
Property taxes	\$ 6,033	\$ 6,534	\$ 501	8%
Franchise and utility taxes	5,449	6,001	552	10%
Licenses/Permits	896	1,386	490	55%
Intergovernmental	4,422	2,408	(2,014)	-46%
Charges for services	644	654	10	2%
Impact fees/assessments	119	286	167	140%
Fines and forfeitures	210	179	(31)	-15%
Investment earnings	317	720	403	127%
Miscellaneous	241	174	(67)	-28%
Total Revenue	<u>\$ 18,331</u>	<u>\$ 18,342</u>	<u>\$ 11</u>	

Comparing expenditure trends between the last two fiscal years as shown below, capital outlay decreased by 88% primarily due to the completion of the Municipal Services Complex and the fire sub-station. Public safety costs increased with the costs opening and staffing the second fire station. Parks and recreation increases can be attributed to additional senior center funding. A 35% drop in costs for Public works is attributable to normalization in hurricane related cleanup activity during fiscal 2006.

Expenditure Trends

(amounts shown in the thousands)

	2005 Total	2006 Total	Increase / (Decrease)	% Increase / (Decrease)
Expenditures				
General government	\$ 2,137	\$ 2,318	\$ 181	8%
Public works	1,138	741	(397)	-35%
Public safety	7,963	9,397	1,434	18%
Parks and recreation	1,526	1,622	96	6%
Capital outlay	7,737	958	(6,779)	-88%
Debt service	1,247	1,256	9	1%
Total Expenditures	<u>\$ 21,748</u>	<u>\$ 16,292</u>	<u>\$ (5,456)</u>	

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. An example of one such project is Lake Mary Woods at a cost of \$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.

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 14-year period, leaving Lake Mary with by far the lowest millage rate of all 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 recent hurricane activity in Florida and the Gulf Coast, the consensus is to keep the fund balance even higher. With three 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, an immediate response and efforts for cleanup and restoration were not a problem. Over \$2.5 million dollars were spent for vegetative debris cleanup and all City operations continued without interruption.

Major initiatives

The City is in the final design and approval stages for the construction of a new Community Center to be located on beautiful West Crystal Lake immediately behind the existing Community Building. Voters approved by 67% to borrow up to \$5,000,000 based in part on a recommendation from a citizens committee. This new facility will feature abundant landscaping, making the setting perfect for almost any outdoor function. The main banquet room will seat up to 250 people with doors leading out to a large deck overlooking the water. The three and a half acre site will also serve the northeast anchor to the Downtown District that is the area the City is attempting to promote via upgrades to infrastructure, beautification, and friendlier codes without compromising the integrity of the Commission's vision.

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 help raise some \$600,000 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 water 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 projects currently in process 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 address 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 with 2nd Generation One-cent Sales Tax dollars through Seminole County.

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, 2005. This is the fourteenth consecutive year that the City of Lake Mary 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, Lake Mary 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

John C. Litton
City Manager

Jacqueline B. Sova

Jacqueline B. Sova
Assistant City Manager/Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lake Mary
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2005

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

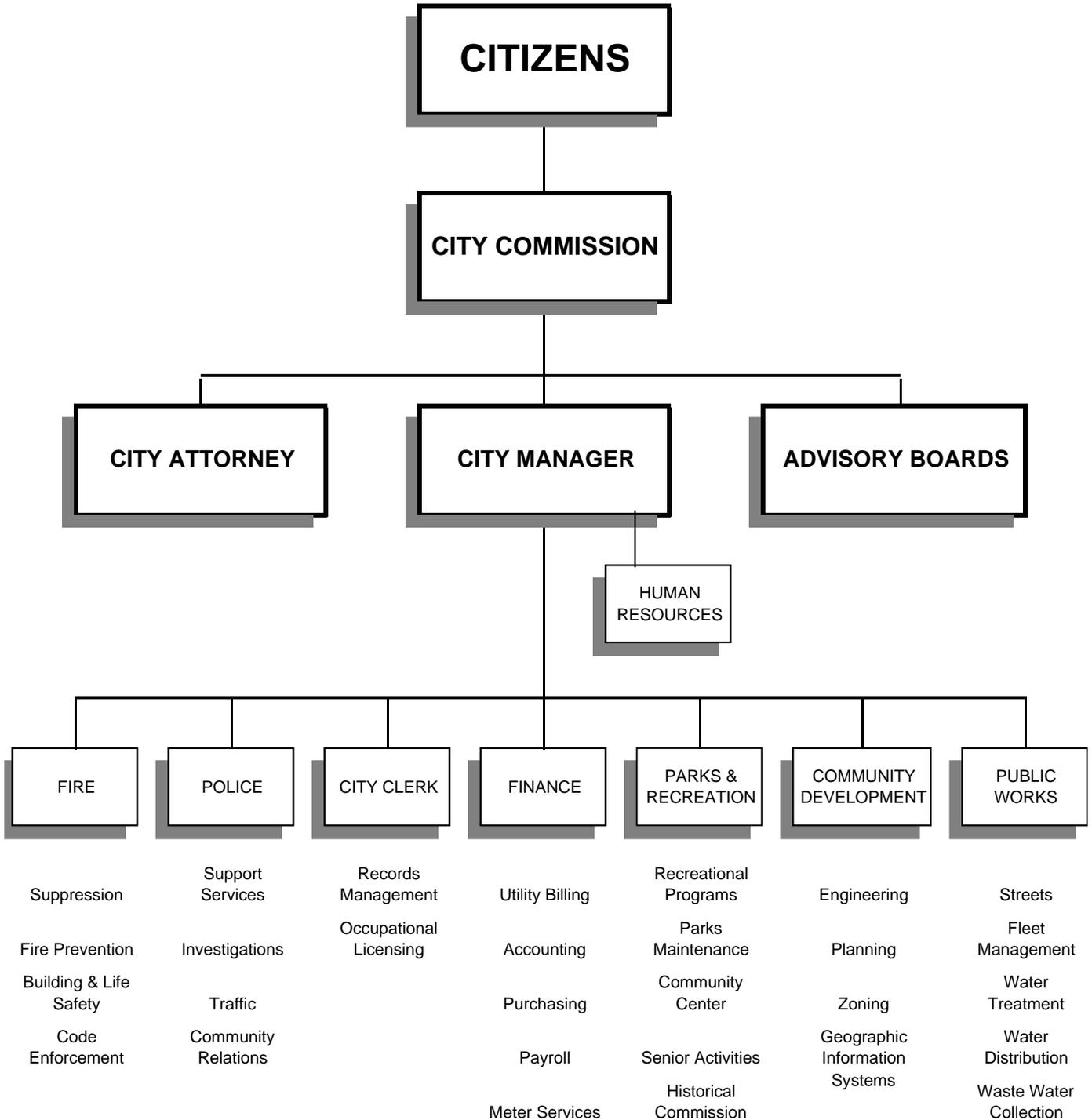


President

Executive Director

CITY OF LAKE MARY, FLORIDA

ORGANIZATIONAL CHART



**CITY OF LAKE MARY, FLORIDA
PRINCIPAL CITY OFFICIALS
SEPTEMBER 30, 2006**

CITY COMMISSION

Thomas C. Greene, Mayor

Michael J. McLean, Deputy Mayor
Janet M. Jernigan

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



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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, 2006, 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, 2006, 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 8, 2006 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.

McDermitt Davis & Company, LLC

December 8, 2006

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**CITY OF LAKE MARY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2006**

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, 2006. 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, 2006 by \$65,868,424 (net assets). Of this amount, \$25,097,989 (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 \$5,378,406 (or 8.6%) and the governmental assets increased by \$3,636,118 or (11.2%), as restated, total net assets increased by \$3,539,851 (or 5.7%) while governmental net assets increased by \$1,797,563 (or 5.6%). Business-type activities increased by \$1,742,288 (or 5.8%).
- As of the close of the current fiscal year, the City of Lake Mary's governmental funds reported combined ending fund balances of \$15,728,542, an increase of \$2,682,238 in comparison with the prior year. Approximately 85.3% of this amount, or \$13,412,075, 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 \$12,386,064, or 78.4% of total expenditures and transfers out.

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, 2006**

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, and the General Capital Projects Fund, 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, 2006**

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 non-major 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 \$65,868,424 at the close of fiscal year ended September 30, 2006. At the end of fiscal year 2006, 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	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 18,174,266	\$ 15,470,433	\$ 11,470,268	\$ 13,044,751	\$ 29,644,534	\$ 28,515,184
Restricted assets	-	310,053	2,725,362	2,425,286	2,725,362	2,735,339
Capital assets	24,918,911	26,934,062	18,365,483	15,550,612	43,284,394	42,484,674
Total assets	43,093,177	42,714,548	32,561,113	31,020,649	75,654,290	73,735,197
Current liabilities	907,240	1,185,067	485,390	730,514	1,392,630	1,915,581
Long term liabilities outstanding	8,079,468	8,910,532	270,490	33,983	8,349,958	8,944,515
Other liabilities	-	310,053	43,268	236,475	43,268	546,528
Total liabilities	8,986,708	10,405,652	799,148	1,000,972	9,785,856	11,406,624
Net assets invested in capital assets, net of related debt	17,683,911	18,759,062	18,365,483	15,550,612	36,049,394	34,309,674
Net assets restricted for capital improvement	2,266,169	2,256,664	2,454,872	2,188,811	4,721,041	4,445,475
Unrestricted net assets	14,156,379	11,293,170	10,941,610	12,280,254	25,097,989	23,573,424
Total net assets	\$ 34,106,459	\$ 32,308,896	\$ 31,761,965	\$ 30,019,677	\$ 65,868,424	\$ 62,328,573

The largest portion of the City's net assets \$36,049,394 or 54.7% 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 compares to 55.0% in the prior year. Main capital projects for the year included the completion of a drainage and sidewalk project on Evansdale Rd. of \$517,069 and construction in progress in the Business-type activities of \$3,348,668 including \$2,937,242 for the Lake Mary Woods Sewer retrofit project. In preparation for recording infrastructure assets, a thorough analysis of capital assets determined the City had overstated land by \$1,733,123, the cost to bury the power lines on Lake Mary Blvd which are not the property of the City, resulting in a prior period adjustment for the government wide statements only. In addition,

**CITY OF LAKE MARY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2006**

a reclassification of Liberty Park amenities was also deemed to be a more accurate reflection of capital assets, resulting in an additional prior period adjustment of \$105,432 from prior periods depreciation expense.

An additional portion of the City's net assets (7.2%) 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 as well as customer deposits and unspent impact fees in the Water and Sewer Fund.

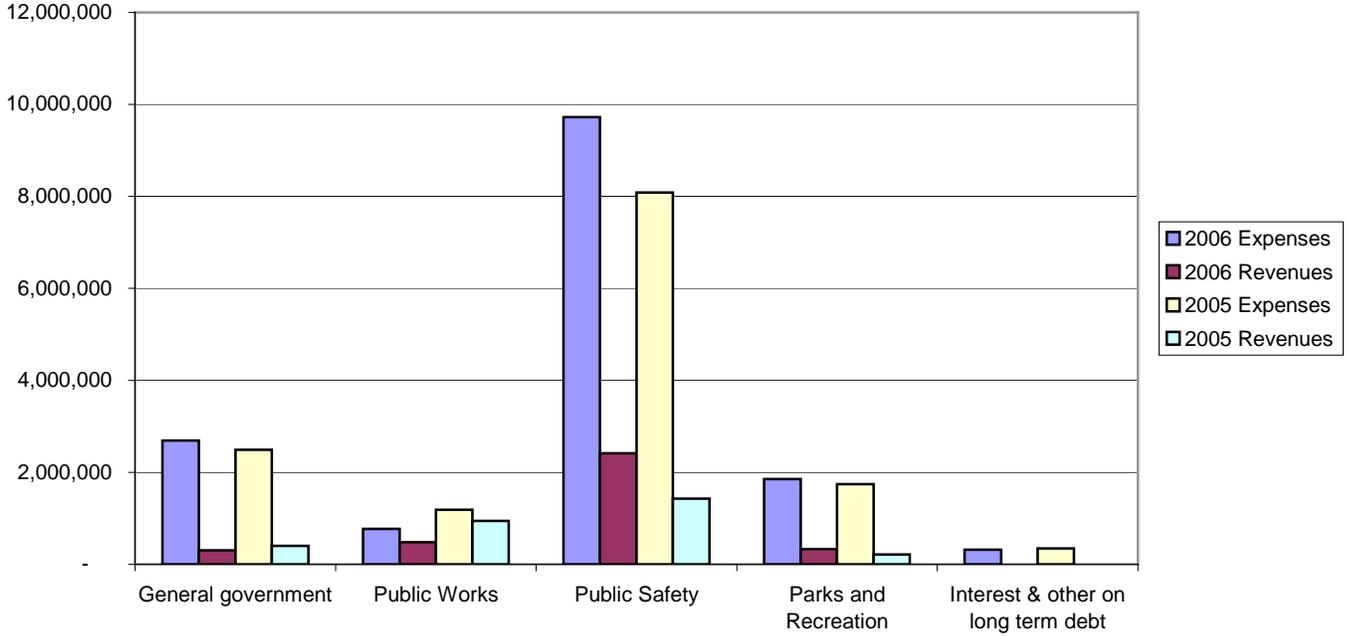
Unrestricted net assets in the governmental activities column increased by \$2,863,209, due in large part to reductions in capital assets of \$1,733,123 and increases in charges for services as well as taxes of \$636,714 and \$1,053,288, respectively. Unrestricted net assets decreased for business-type activities by (\$1,338,644), due to the addition of capital assets as discussed previously.

Changes In Net Assets
For the Year Ended September 30,

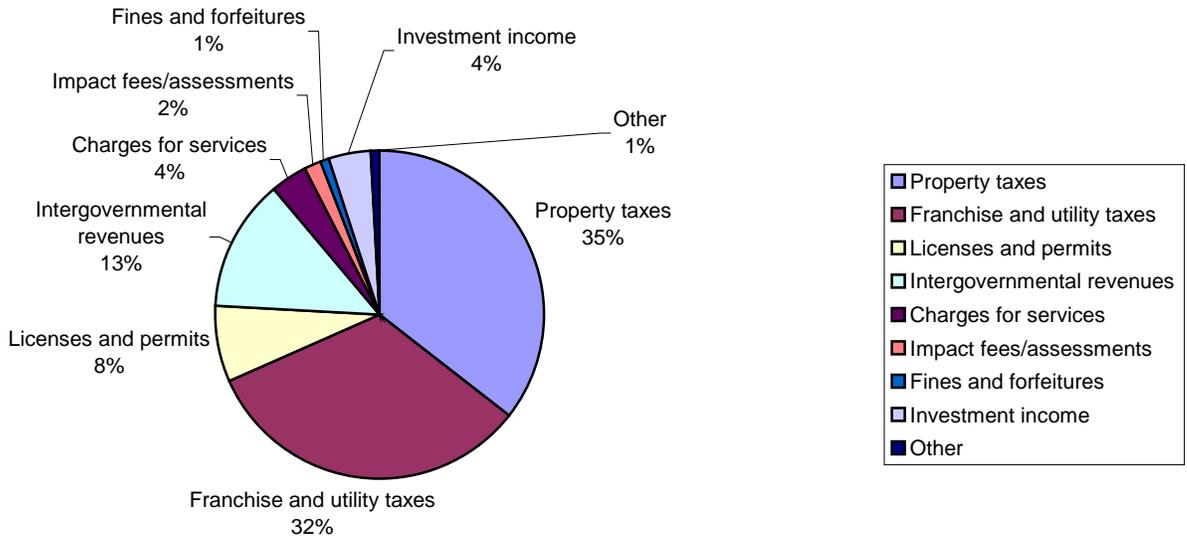
	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	\$ 2,517,695	\$ 1,880,981	\$ 4,045,184	\$ 3,659,723	\$ 6,562,879	\$ 5,540,704
Operating grants and contributions	763,535	957,268	-	-	763,535	957,268
Capital grants and contributions	248,716	139,860	304,819	1,240,619	553,535	1,380,479
General revenues:						
Property taxes	6,534,074	6,032,671	-	-	6,534,074	6,032,671
Other taxes	6,000,975	5,449,090	-	-	6,000,975	5,449,090
Other revenues	2,276,795	1,822,465	848,519	2,241,323	3,125,314	4,063,788
Total revenues	<u>18,341,790</u>	<u>16,282,335</u>	<u>5,198,522</u>	<u>7,141,665</u>	<u>23,540,312</u>	<u>23,424,000</u>
Expenses:						
General government	2,687,491	2,471,431	-	-	2,687,491	2,471,431
Public works	773,135	1,184,005	-	-	773,135	1,184,005
Public safety	9,725,096	8,081,673	-	-	9,725,096	8,081,673
Parks and recreation	1,857,023	1,767,377	-	-	1,857,023	1,767,377
Interest and other on long term debt	317,927	345,375	-	-	317,927	345,375
Water and sewer	-	-	2,519,540	2,447,017	2,519,540	2,447,017
Stormwater	-	-	281,694	275,240	281,694	275,240
Total expenses	<u>15,360,672</u>	<u>13,849,861</u>	<u>2,801,234</u>	<u>2,722,257</u>	<u>18,161,906</u>	<u>16,572,118</u>
Increase (decrease) in net assets before transfers	<u>2,981,118</u>	<u>2,432,474</u>	<u>2,397,288</u>	<u>4,419,408</u>	<u>5,378,406</u>	<u>6,851,882</u>
Transfers	<u>655,000</u>	<u>655,000</u>	<u>(655,000)</u>	<u>(655,000)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	<u>3,636,118</u>	<u>3,087,474</u>	<u>1,742,288</u>	<u>3,764,408</u>	<u>5,378,406</u>	<u>6,851,882</u>
Prior period adjustment	<u>(1,838,555)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,838,555)</u>	<u>-</u>
Net assets - October 1	<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>
Net assets - September 30	<u>\$ 34,106,459</u>	<u>\$ 32,308,896</u>	<u>\$ 31,761,965</u>	<u>\$ 30,019,677</u>	<u>\$ 67,706,979</u>	<u>\$ 62,328,573</u>

**CITY OF LAKE MARY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2006**

Governmental Program Expenses vs. Program Revenues

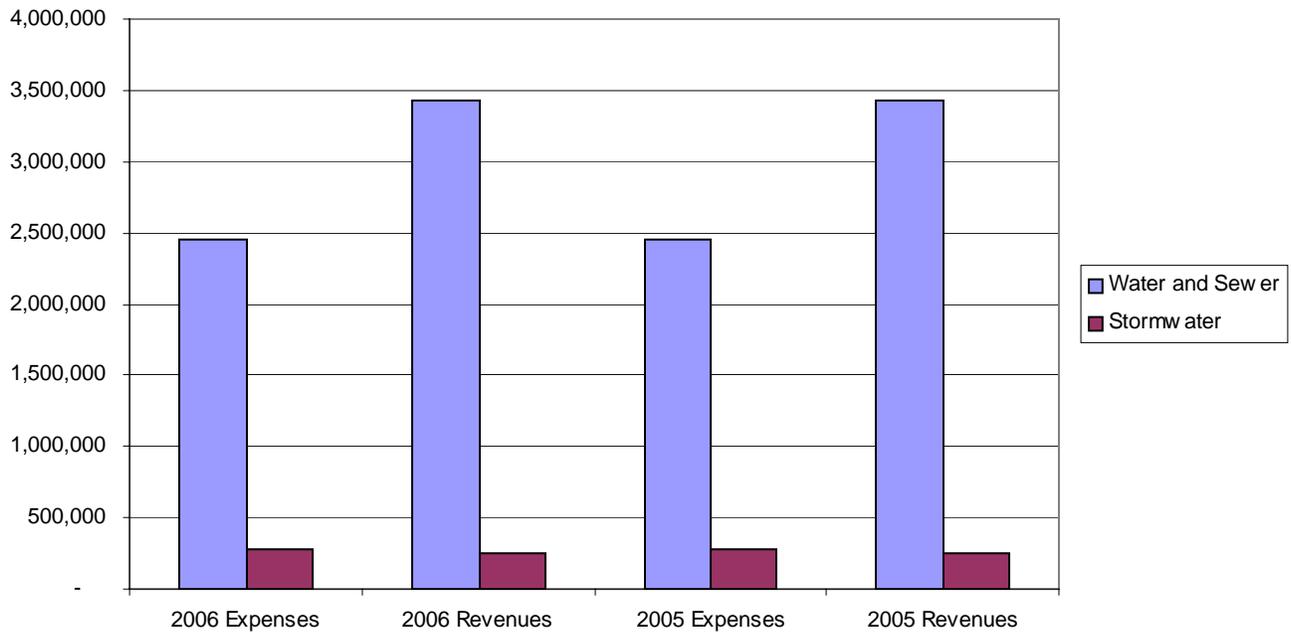


Governmental Revenues by Source

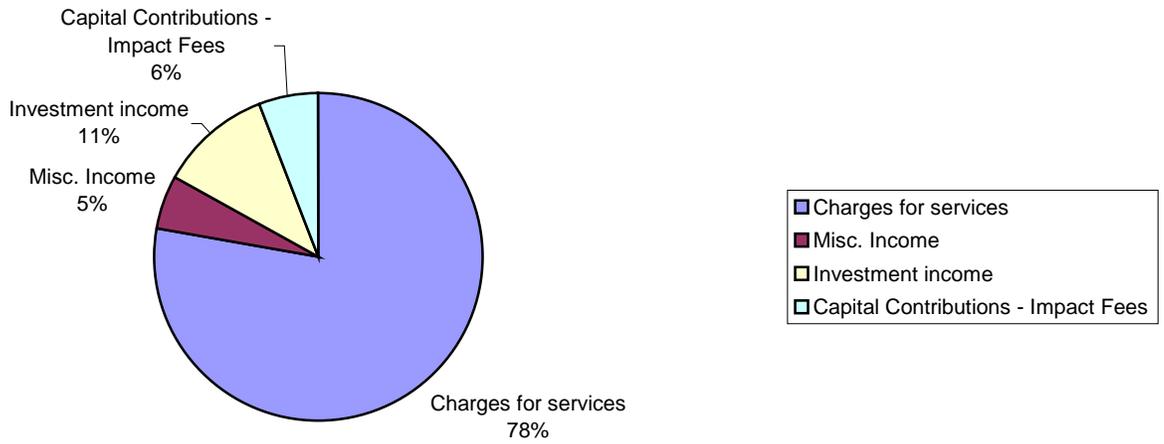


**CITY OF LAKE MARY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2006**

Business-type Program Expenses vs. Program Revenues



Business-type activities - Revenues by Source



**CITY OF LAKE MARY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2006**

Financial Analysis of the City's Funds. As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of September 30, 2006, the City's governmental funds reported combined ending fund balances of \$15,728,542, an increase of \$2,682,238 in comparison with the prior year. The most significant reasons are the decrease in total expenditures by \$5,456,807, a result of completion of several major capital projects. Approximately 85.3 percent of fund balance, or \$13,412,075 constitutes unreserved fund balance, which is available for spending at the City's discretion. The remainder of fund balance, \$2,316,467, 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, 2006, the unreserved fund balance of the General Fund was \$12,386,064 while the total fund balance was \$12,396,397. 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 89.58 percent of total General Fund expenditures, while total fund balance represents 89.66 percent of that same amount.

The fund balance of the City's General Fund increased by \$2,551,852 during the current fiscal year, The most significant reasons are the increase in franchise and utility taxes of \$551,885, ad valorem taxes increased \$501,403 and the increase in licenses and permits of \$490,173, as well as a reduction in transfers to capital projects of \$1,275,000.

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

	2006	2005
REVENUES		
Taxes	\$ 12,535,049	\$ 11,481,761
Licenses and permits	1,386,302	896,129
Intergovernmental revenues	2,407,663	4,421,896
Charges for services/fines	833,053	853,745
Impact fees/assessments	285,547	119,363
Investment and other income	894,176	558,129
Total revenues	18,341,790	18,331,023
EXPENDITURES		
General government	2,410,521	2,181,139
Public works	886,535	1,142,686
Public safety	9,949,373	15,621,444
Parks and recreation	1,789,956	1,556,153
Debt service	1,255,667	1,247,437
Total expenditures	16,292,052	21,748,859
Excess(deficiency) of revenues over(under) expenditures	2,049,738	(3,417,836)
OTHER FINANCING SOURCES (USES)		
Transfers in	2,991,907	4,267,550
Transfers out	(2,359,407)	(3,635,050)
Total other financing source (use)	632,500	632,500
Net change in fund balances	2,682,238	(2,785,336)
Fund balances - beginning	13,046,304	15,831,640
Fund balances - end	\$ 15,728,542	\$ 13,046,304

**CITY OF LAKE MARY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2006**

General Capital Projects Fund provides for the purchase of equipment, major maintenance projects and construction and or purchase of general capital assets. It is funded through transfers from the General Fund based on approved projects. The fund had an increase in fund balance of \$293,223, due to transfers in from two construction funds, now closed due to the completion of those projects.

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, 2006, amounted to \$10,239,862. Unrestricted net assets of the Stormwater Utility Fund at September 30, 2006, were \$701,748. Net Assets restricted for capital improvement in the Water and Sewer Fund at September 30, 2006, were \$2,454,872.

General Fund Budgetary Highlights

Final amended appropriations for the General Fund were \$14,735,673, actual expenditures (budgetary basis) were \$13,825,834. General Fund anticipated revenues were increased by \$510,635 from the original budget, an increase of 3.3 percent. The significant budgetary changes are summarized by the following:

- \$22,485 increase to Intergovernmental revenues to account for the additional federal and state grant funding, with an additional increase of \$356,567 to both Intergovernmental revenues and Public safety expenditures to reflect the state insurance premium pension pass-through payments.
- \$49,640 increase to licenses and permits
- \$70,943 increase to miscellaneous revenue
- \$34,981 increase to Building and Life Safety for costs of external plans examination
- (\$137,850) decrease allocated from general government administration for pay plan changes
- \$61,000 increase in wages and other personnel costs Public Safety – Police
- \$62,000 increase in wages and other personnel costs Public Safety – Fire

Actual expenditures were less than amended appropriations by \$909,389, a variance of 6.2 percent, a normal percentage difference.

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:

- \$719,939 to the Capital Projects Fund, and
- \$1,255,000 to Debt Service Funds.

**CITY OF LAKE MARY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2006**

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, 2006, amounts to \$43,284,394 (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 \$799,720 (a 7.5 percent decrease for governmental activities and a 18.1 percent 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 will be implementing this requirement with the financial statements of FY2007. 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:

Initial construction costs of the retrofit sewer lines for Lake Mary Woods for \$2,937,242

Completion of the downtown entry feature clock tower totaling \$127,194

Completion of the Evansdale Drainage/Sidewalk Improvements for \$517,069

Completion of improvements for the Frank Evans Center at a cost of \$48,970

Completion of the public works equipment canopy for \$152,547

Completion of waterline at Country Club/E Crystal totaling \$71,715

Completion of Hollis Street drainage for \$63,245

Cold mix paving totaling \$279,332

Acquisition of Pumper 33 for \$386,363

Replacement vehicles \$484,206, which includes \$51,054 for new boomlift, and the cost to refurbish the Vacon of \$48,861

Replaced AS/400 and high speed printer at a cost of \$39,059

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

	Governmental activities		Business-type activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$ 4,658,543	\$ 6,622,102	\$ 39,548	\$ 39,548	\$ 4,698,091	\$ 6,661,650
Buildings	14,662,823	15,289,381	236,000	247,800	14,898,823	15,537,181
Improvements other than building	1,790,543	1,778,574	-	-	1,790,543	1,778,574
Water/sewer system	-	-	12,701,699	12,737,788	12,701,699	12,737,788
Stormwater system	-	-	1,966,153	1,765,188	1,966,153	1,765,188
Machinery and equipment	622,742	642,427	73,415	26,285	696,157	668,712
Vehicles	1,812,119	1,380,361	-	-	1,812,119	1,380,361
Infrastructure	1,162,287	665,122	-	-	1,162,287	665,122
Construction in progress	209,853	556,095	3,348,668	734,003	3,558,521	1,290,098
Total	<u>\$ 24,918,910</u>	<u>\$ 26,934,062</u>	<u>\$ 18,365,483</u>	<u>\$ 15,550,612</u>	<u>\$ 43,284,393</u>	<u>\$ 42,484,674</u>

**CITY OF LAKE MARY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2006**

Additional information on the City's capital assets can be found on pages 49-52 of the notes to the financial statements in this report.

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of \$7,235,000, which consists of bonds payable. Business-type activities have no outstanding debt.

Long Term Debt
As of September 30,

	Governmental activities	
	2006	2005
PIRRB 2003	\$ 5,085,000	\$ 5,835,000
PIRB 1996	2,150,000	2,340,000
Total	\$ 7,235,000	\$ 8,175,000

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, 2006 was 3.1 percent, a decrease of 0.4 percent from the prior year. The national unemployment rate for the same period was 4.6%. 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 9.4 percent and 4.9 percent in fiscal year 2006.

The City's elected and appointed officials considered many factors when adopting the fiscal year end 2007 budget. The City was able to present the budget without increasing service charges and maintaining Seminole County's lowest municipal tax rate at 3.9998 mills.

Several items pertaining to the City's continuing achievements of building a community where there is an excellent quality of life while sustaining service levels as the community continues to grow are scheduled to continue or begin in the new fiscal year. The Downtown Development District continues to be a focus for the community. Scheduled to proceed are efforts at additional beautification, implementation of the first phase of a comprehensive sewer and stormwater plan, and construction of the city's new Community Center at the north end of the district. Included in economic development plans for continuing to attract high quality businesses to our area as well as provide citizens ready access to the internet is the hiring of a consultant to assess the potential of providing city-wide wi-fi service. The goal is to develop a funding structure for building and a business model for operating a wi-fi network.

**CITY OF LAKE MARY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2006**

The City 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
As of September 30, 2006

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and Cash Equivalents	\$ 11,252,456	\$ 5,681,977	\$ 16,934,433
Investments	5,770,298	4,571,589	10,341,887
Interest receivable	67,930	51,293	119,223
Accounts receivable (net of allowance for uncollectibles)	608,837	335,357	944,194
Due from other governmental units	400,970	-	400,970
Unbilled service charges	-	115,855	115,855
Special assessments - current	3,373	62,356	65,729
Inventories	51,259	72,572	123,831
Prepaid items	5,583	28,903	34,486
Bond Issuance Costs	13,560	-	13,560
Restricted assets:			
Temporarily Restricted:			
Investments	-	2,725,362	2,725,362
Special assessments noncurrent	-	415,252	415,252
Unamortized sewer capacity	-	135,114	135,114
Capital assets not being depreciated:			
Land	4,658,543	39,548	4,698,091
Construction in progress	209,853	3,348,668	3,558,521
Capital assets net of accumulated depreciation:			
Buildings	14,662,823	236,000	14,898,823
Improvements other than buildings	1,790,543	-	1,790,543
Water/sewer system	-	12,701,699	12,701,699
Stormwater system	-	1,966,153	1,966,153
Machinery and equipment	622,742	73,415	696,157
Vehicles	1,812,120	-	1,812,120
Infrastructure	1,162,287	-	1,162,287
Total Assets	<u>43,093,177</u>	<u>32,561,113</u>	<u>75,654,290</u>
LIABILITIES			
Accounts payable and other current liabilities	812,855	337,187	1,150,042
Unearned revenue	94,395	148,203	242,598
Noncurrent liabilities:			
Liabilities payable from restricted assets	-	270,490	270,490
Due within one year	976,921	3,462	980,383
Due in more than one year	7,102,547	39,806	7,142,353
Total Liabilities	<u>8,986,718</u>	<u>799,148</u>	<u>9,785,866</u>
NET ASSETS			
Invested in capital assets, net of related debt	17,683,911	18,365,483	36,049,394
Restricted for capital improvement	2,266,169	2,454,872	4,721,041
Unrestricted	14,156,379	10,941,610	25,097,989
Total net assets	<u>\$ 34,106,459</u>	<u>\$ 31,761,965</u>	<u>\$ 65,868,424</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, 2006

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
Primary government:							
Government activities:							
General government	\$ 2,687,491	\$ 237,951	\$ 10,000	\$ 55,710	\$ (2,383,830)	\$ -	\$ (2,383,830)
Public works	773,135	12,624	347,633	121,252	(291,626)	-	(291,626)
Public safety	9,725,096	1,947,803	393,182	71,754	(7,312,357)	-	(7,312,357)
Parks and recreation	1,857,023	319,317	12,720	-	(1,524,986)	-	(1,524,986)
Interest & other fiscal charges on long-term debt	317,927	-	-	-	(317,927)	-	(317,927)
Total governmental activities	<u>15,360,672</u>	<u>2,517,695</u>	<u>763,535</u>	<u>248,716</u>	<u>(11,830,726)</u>	<u>-</u>	<u>(11,830,726)</u>
Business-type activities:							
Water and Sewer	2,519,540	3,794,354	-	319,444	-	1,594,258	1,594,258
Stormwater	281,694	250,830	-	-	-	(30,864)	(30,864)
Total business-type activities	<u>2,801,234</u>	<u>4,045,184</u>	<u>-</u>	<u>319,444</u>	<u>-</u>	<u>1,563,394</u>	<u>1,563,394</u>
Total primary government	<u>\$ 18,161,906</u>	<u>\$ 6,562,879</u>	<u>\$ 763,535</u>	<u>\$ 568,160</u>	<u>(11,830,726)</u>	<u>1,563,394</u>	<u>(10,267,332)</u>
General revenues:							
Property taxes					6,534,074	-	6,534,074
Franchise & utility taxes					6,000,975	-	6,000,975
Unrestricted intergovernmental revenues					1,382,619	-	1,382,619
Unrestricted investment earnings					720,554	572,807	1,293,361
Gain on sale of capital assets					38,978	-	38,978
Miscellaneous revenues					134,644	261,087	395,731
Transfers					655,000	(655,000)	-
Total general revenues and transfers					<u>15,466,844</u>	<u>178,894</u>	<u>15,645,738</u>
Change in net assets					<u>3,636,118</u>	<u>1,742,288</u>	<u>5,378,406</u>
Prior period adjustment					<u>(1,838,555)</u>	<u>-</u>	<u>(1,838,555)</u>
Net assets - beginning					<u>32,308,896</u>	<u>30,019,677</u>	<u>62,328,573</u>
Net assets - ending					<u>\$ 34,106,459</u>	<u>\$ 31,761,965</u>	<u>\$ 65,868,424</u>

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

**City of Lake Mary, Florida
Balance Sheet
Governmental Funds
As of September 30, 2006**

	General Fund	General Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 8,269,847	\$ 1,619,577	\$ 503,440	\$ 10,392,864
Investments	3,887,259	708,015	605,266	5,200,540
Interest receivable	48,689	9,307	4,244	62,240
Receivables (net of allow- ance for uncollectibles)	555,297	-	931	556,228
Due from other governments	400,970	-	-	400,970
Special assessments-current	452	-	2,921	3,373
Inventories	5,000	-	-	5,000
Prepaid items	5,333	-	250	5,583
Total Assets	<u>\$ 13,172,847</u>	<u>\$ 2,336,899</u>	<u>\$ 1,117,052</u>	<u>\$ 16,626,798</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	463,684	70,730	51,076	585,490
Accrued liabilities	162,600	-	-	162,600
Due to other governments	4,549	-	-	4,549
Unearned revenue	94,395	-	-	94,395
Other liabilities	51,222	-	-	51,222
Total Liabilities	<u>776,450</u>	<u>70,730</u>	<u>51,076</u>	<u>898,256</u>
FUND BALANCES				
Reserved for:				
Inventories	5,000	-	-	5,000
Prepaid items	5,333	-	-	5,333
Debt service	-	-	39,965	39,965
Capital projects	-	2,266,169	-	2,266,169
Unreserved reported in:				
General fund	12,386,064	-	-	12,386,064
Special revenue funds	-	-	1,026,011	1,026,011
Total fund balances	<u>12,396,397</u>	<u>2,266,169</u>	<u>1,065,976</u>	<u>15,728,542</u>
Total liabilities and fund balances	<u>\$ 13,172,847</u>	<u>\$ 2,336,899</u>	<u>\$ 1,117,052</u>	<u>\$ 16,626,798</u>

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

City of Lake Mary, Florida
Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Assets
As of September 30, 2006

Total governmental funds fund balance \$ 15,728,542

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 23,106,792

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. 3,313,024

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

	\$	22,600	
Total issuance cost		22,600	
Less: amortization over 10 years (yr 4)		<u>(9,040)</u>	13,560

The noncurrent portion of compensated absences is not due and payable
in the current period and therefore, is not reported in the funds (820,459)

The long-term portion of bonds payable is not due and payable in the
current period, and therefore, is not reported in the funds (6,260,000)

The current portion of bonds payable is not recorded as a liability in governmental
funds balance sheet (975,000)

Net assets of governmental activities \$ 34,106,459

City of Lake Mary, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Fund Types
For the Year Ended September 30, 2006

	General Fund	General Capital Projects	Other Government Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property	\$ 6,534,074	\$ -	\$ -	\$ 6,534,074
Franchise and utility taxes	6,000,975	-	-	6,000,975
Licenses and permits	1,386,302	-	-	1,386,302
Intergovernmental revenues	2,158,947	248,716	-	2,407,663
Charges for services	654,114	-	-	654,114
Impact fees/assessments	-	-	285,547	285,547
Fines and forfeitures	156,223	-	22,716	178,939
Investment income	591,085	84,972	44,497	720,554
Other	137,655	35,967	-	173,622
Total revenues	<u>17,619,375</u>	<u>369,655</u>	<u>352,760</u>	<u>18,341,790</u>
EXPENDITURES				
Current:				
General government	2,260,065	58,118	-	2,318,183
Public works	705,604	35,740	-	741,344
Public safety	9,244,133	113,070	39,123	9,396,326
Parks and recreation	1,519,367	102,992	-	1,622,359
Debt service:				
Principal	-	-	940,000	940,000
Interest and other fiscal charges	-	-	315,667	315,667
Capital outlay:				
General government	-	92,338	-	92,338
Public works	-	94,137	51,054	145,191
Public safety	43,645	469,117	40,285	553,047
Parks and recreation	53,020	114,577	-	167,597
Total expenditures	<u>13,825,834</u>	<u>1,080,089</u>	<u>1,386,129</u>	<u>16,292,052</u>
Excess(deficiency) of revenues over(under) expenditures	<u>3,793,541</u>	<u>(710,434)</u>	<u>(1,033,369)</u>	<u>2,049,738</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	733,250	1,003,657	1,255,000	2,991,907
Transfers out	(1,974,939)	-	(384,468)	(2,359,407)
Total other financing sources (uses)	<u>(1,241,689)</u>	<u>1,003,657</u>	<u>870,532</u>	<u>632,500</u>
Net change in fund balances	2,551,852	293,223	(162,837)	2,682,238
Fund balances - beginning	9,844,545	1,972,946	1,228,813	13,046,304
Fund balances - end	<u>\$ 12,396,397</u>	<u>\$ 2,266,169</u>	<u>\$ 1,065,976</u>	<u>\$ 15,728,542</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, 2006

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

Net change in fund balances -- total governmental funds \$ 2,682,238

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

	\$ 958,173	
Expenditure for capital assets	2,167	
Reclassification of assets	<u>(1,076,819)</u>	(116,479)
Current year depreciation		

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.

	940,000	
Principal Payments	<u>(2,260)</u>	937,740
Issuance Costs allocated expense		

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. 236,068

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. (103,449)

Change in net assets of governmental activities (page 28) \$ 3,636,118

**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, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 6,573,766	\$ 6,573,766	\$ 6,534,074	\$ (39,692)
Franchise and utility taxes	5,180,254	5,180,254	6,000,975	820,721
Licenses and permits	880,250	929,890	1,386,302	456,412
Intergovernmental revenues	1,758,815	2,137,867	2,158,947	21,080
Charges for services	524,100	535,100	654,114	119,014
Fines and forfeitures	216,000	216,000	156,223	(59,777)
Investment income	205,000	205,000	591,085	386,085
Other	45,000	115,943	137,655	21,712
Total revenues	<u>15,383,185</u>	<u>15,893,820</u>	<u>17,619,375</u>	<u>1,725,555</u>
EXPENDITURES				
Current:				
General government	2,621,254	2,508,683	2,260,065	248,618
Public works	723,413	725,913	705,604	20,309
Public safety	9,208,607	9,788,433	9,287,778	500,655
Parks and recreation	1,650,535	1,712,644	1,572,387	140,257
Total expenditures	<u>14,203,809</u>	<u>14,735,673</u>	<u>13,825,834</u>	<u>909,839</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>1,179,376</u>	<u>1,158,147</u>	<u>3,793,541</u>	<u>2,635,394</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	733,250	733,250	733,250	-
Transfers out	(1,974,939)	(1,974,939)	(1,974,939)	-
Total other financing sources and uses	<u>(1,241,689)</u>	<u>(1,241,689)</u>	<u>(1,241,689)</u>	<u>-</u>
Net change in fund balances	<u>(62,313)</u>	<u>(83,542)</u>	<u>2,551,852</u>	<u>2,635,394</u>
Fund Balances at Beginning of Year	<u>9,844,545</u>	<u>9,844,545</u>	<u>9,844,545</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 9,782,232</u>	<u>\$ 9,761,003</u>	<u>\$ 12,396,397</u>	<u>\$ 2,635,394</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, 2006

	<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>	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 5,311,848	\$ 370,129	\$ 5,681,977	\$ 859,592
Investments	4,275,142	296,447	4,571,589	569,758
Interest receivable	48,620	2,673	51,293	5,690
Accounts receivable (net of allowance for uncollectibles)	313,596	21,761	335,357	-
Insurance receivable	-	-	-	52,609
Unbilled service charges	108,808	7,047	115,855	-
Special assessments - current	51,907	10,449	62,356	-
Inventories	72,572	-	72,572	46,259
Prepaid items	28,903	-	28,903	-
Total current assets	<u>10,211,396</u>	<u>708,506</u>	<u>10,919,902</u>	<u>1,533,908</u>
Noncurrent assets:				
Restricted investments:				
Customer deposits	270,490	-	270,490	-
Impact fee funds	2,454,872	-	2,454,872	-
Total restricted assets	<u>2,725,362</u>	<u>-</u>	<u>2,725,362</u>	<u>-</u>
Special assessments - noncurrent	415,252	-	415,252	-
Unamortized sewer capacity	135,114	-	135,114	-
Capital assets:				
Land	39,548	-	39,548	-
Buildings	472,000	-	472,000	-
Water/sewer system	15,826,259	-	15,826,259	-
Stormwater system	-	2,945,824	2,945,824	-
Machinery and equipment	176,959	14,975	191,934	-
Vehicles	-	-	-	3,882,021
Construction in progress	3,348,668	-	3,348,668	-
Less accumulated depreciation	<u>(3,466,191)</u>	<u>(992,559)</u>	<u>(4,458,750)</u>	<u>(2,069,902)</u>
Total capital assets (net of accumulated depreciation)	<u>16,397,243</u>	<u>1,968,240</u>	<u>18,365,483</u>	<u>1,812,119</u>
Total noncurrent assets	<u>19,672,971</u>	<u>1,968,240</u>	<u>21,641,211</u>	<u>1,812,119</u>
Total assets	<u>\$ 29,884,367</u>	<u>\$ 2,676,746</u>	<u>\$ 32,561,113</u>	<u>\$ 3,346,027</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	
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 199,038	\$ 3,365	\$ 202,403	\$ 6,385
Accrued liabilities	133,575	1,209	134,784	2,609
Compensated absences	3,287	175	3,462	1,921
Total current liabilities	<u>335,900</u>	<u>4,749</u>	<u>340,649</u>	<u>10,915</u>
Noncurrent liabilities:				
Liabilities payable from restricted assets:				
Customer deposits	270,490	-	270,490	-
Unearned revenue	148,203	-	148,203	-
Compensated absences	37,797	2,009	39,806	22,088
Total noncurrent liabilities	<u>456,490</u>	<u>2,009</u>	<u>458,499</u>	<u>22,088</u>
Total liabilities	<u>792,390</u>	<u>6,758</u>	<u>799,148</u>	<u>33,003</u>
NET ASSETS				
Net assets invested in capital assets	16,397,243	1,968,240	18,365,483	1,812,119
Restricted for capital improvement	2,454,872	-	2,454,872	-
Unrestricted	10,239,862	701,748	10,941,610	1,500,905
Total net assets	<u>\$ 29,091,977</u>	<u>\$ 2,669,988</u>	<u>\$ 31,761,965</u>	<u>\$ 3,313,024</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, 2006

	Business Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water and Sewer Fund	Stormwater Utility Fund	Totals	
Operating revenues:				
Charges for sales and services:				
Water sales	\$ 2,261,681	\$ -	\$ 2,261,681	\$ -
Sewer revenue	1,286,172	-	1,286,172	-
Stormwater fees	-	250,830	250,830	-
Other service charges	246,501	-	246,501	737,595
Total operating revenues	<u>3,794,354</u>	<u>250,830</u>	<u>4,045,184</u>	<u>737,595</u>
Operating expenses				
Costs of operations	1,900,692	122,327	2,023,019	217,759
Administration	216,465	-	216,465	-
Depreciation	378,167	159,367	537,534	448,811
Amortization	24,216	-	24,216	-
Total operating expenses	<u>2,519,540</u>	<u>281,694</u>	<u>2,801,234</u>	<u>666,570</u>
Operating income (loss)	<u>1,274,814</u>	<u>(30,864)</u>	<u>1,243,950</u>	<u>71,025</u>
Nonoperating revenues (expenses):				
Investment income	542,529	30,278	572,807	59,154
Miscellaneous income	275,712	-	275,712	-
Gain (loss) on sale of capital assets	-	-	-	83,389
Total nonoperating revenue (expense)	<u>818,241</u>	<u>30,278</u>	<u>848,519</u>	<u>142,543</u>
Income (loss) before contributions and transfers	<u>2,093,055</u>	<u>(586)</u>	<u>2,092,469</u>	<u>213,568</u>
Capital contributions - impact fees	304,819	-	304,819	-
Capital contributions - developers & others	-	-	-	491,875
Transfers in	-	-	-	22,500
Transfers out	(655,000)	-	(655,000)	-
Change in net assets	<u>1,742,874</u>	<u>(586)</u>	<u>1,742,288</u>	<u>727,943</u>
Total net assets - beginning	<u>27,349,103</u>	<u>2,670,574</u>	<u>30,019,677</u>	<u>2,585,081</u>
Total net assets - ending	<u>\$ 29,091,977</u>	<u>\$ 2,669,988</u>	<u>\$ 31,761,965</u>	<u>\$ 3,313,024</u>

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

**City of Lake Mary Florida
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2006**

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer Fund	Stormwater Utility Fund	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 5,501,252	\$ 260,493	\$ 5,761,745	\$ -
Other operating cash receipts	246,501	-	246,501	-
Receipts from interfund services provided	-	-	-	737,595
Payments to suppliers	(1,874,689)	(60,155)	(1,934,844)	(65,882)
Payments to employees	(474,535)	(67,848)	(542,383)	(155,309)
Net cash provided by operating activities	<u>3,398,529</u>	<u>132,490</u>	<u>3,531,019</u>	<u>516,404</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	(655,000)	-	(655,000)	-
Transfers from other funds	-	-	-	22,500
Payments to other governments	(222,600)	-	(222,600)	-
Contributions for facility maintenance	158,625	-	158,625	-
Net cash provided (used) by capital and related financing activities	<u>(718,975)</u>	<u>-</u>	<u>(718,975)</u>	<u>22,500</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions - impact fees	177,346	-	177,346	-
Acquisition and construction of capital assets	(3,025,831)	(326,574)	(3,352,405)	(388,694)
Proceeds from sales of capital assets	-	-	-	30,780
Net cash provided (used) by capital and related financing activities	<u>(2,848,485)</u>	<u>(326,574)</u>	<u>(3,175,059)</u>	<u>(357,914)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales or maturities of investments	1,766,941	93,815	1,860,756	195,739
Purchases of investments	(904,768)	(57,279)	(962,047)	(99,523)
Interest and dividends received	502,027	29,107	531,134	54,168
Net cash provided (used) by investing activities	<u>1,364,200</u>	<u>65,643</u>	<u>1,429,843</u>	<u>150,384</u>
Net increase (decrease) in cash and cash equivalents	1,195,269	(128,441)	1,066,828	331,374
Cash and cash equivalents October 1	4,116,579	498,570	4,615,149	528,218
Cash and cash equivalents September 30	<u>\$ 5,311,848</u>	<u>\$ 370,129</u>	<u>\$ 5,681,977</u>	<u>\$ 859,592</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	
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 1,274,814	\$ (30,864)	\$ 1,243,950	\$ 71,025
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	378,167	159,367	537,534	448,811
Amortization expense	24,216	-	24,216	-
(Increase) decrease in customer accounts receivable	1,961,332	(400)	1,960,932	-
(Increase) decrease in unbilled service charges	(9,392)	(145)	(9,537)	-
(Increase) decrease in special assessments	1,459	10,208	11,667	-
(Increase) decrease in inventory	(36,059)	-	(36,059)	(9,912)
(Increase) decrease in prepaid items	140	-	140	-
Increase (decrease) in customer deposits	34,015	-	34,015	-
Increase (decrease) in accounts payable	(429,339)	(4,699)	(434,038)	2,441
Increase (decrease) accrued expenses	71,866	(168)	71,698	473
Increase (decrease) in compensated absences payable	9,525	(809)	8,716	3,566
Increase (decrease) in unearned revenue	117,785			
Total adjustments	<u>2,123,715</u>	<u>163,354</u>	<u>2,287,069</u>	<u>445,379</u>
Net cash provided by operating activities	<u>\$ 3,398,529</u>	<u>\$ 132,490</u>	<u>\$ 3,531,019</u>	<u>\$ 516,404</u>

The Water and Sewer Fund had a non-cash gain in the fair value of investments of \$32,796; the Stormwater Fund had a non-cash gain in the fair value of investments of \$1,510; and the Internal Service Fund had a non-cash capital contribution of \$491,875 and a non-cash gain in the fair value of investments of \$3,481.

City of Lake Mary, Florida
Statement of Fiduciary Net Assets
Fiduciary Funds
As of September 30, 2006

	Total Employee Pension Funds
ASSETS	
Cash and cash equivalents	\$ 1,077,674
Receivables:	
Interest receivable	42,841
Notes receivable - employees	61,454
Contributions receivable - employees	8,053
Contributions receivable - city	144,316
Contributions receivable - state	66,103
Total receivables	322,767
Investments at fair value	
Domestic corporate & Govt bonds	3,946,558
Domestic stocks	8,141,108
Other securities	321,283
Total investments	12,408,949
Total assets	13,809,390
LIABILITIES	
Accounts payable	23,248
Total liabilities	23,248
NET ASSETS	
Held in trust for pension benefits	\$ 13,786,142

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

City of Lake Mary, Florida
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended September 30, 2006

	<u>Total Employee Pension Funds</u>
ADDITIONS	
Contributions:	
City	\$ 785,369
State	356,567
Employee	<u>288,777</u>
Total contributions	<u>1,430,713</u>
Investment earnings	
Interest	314,226
Net increase (decrease) in fair value of investments	<u>733,159</u>
Net investment earnings	<u>1,047,385</u>
Total additions	<u>2,478,098</u>
DEDUCTIONS	
Benefit payments	302,518
Refunds of contributions	31,036
Administrative expenses	<u>104,133</u>
Total deductions	<u>437,687</u>
Change in net assets	2,040,411
Net assets - beginning	<u>11,745,731</u>
Net assets - ending	<u><u>\$ 13,786,142</u></u>

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

CITY OF LAKE MARY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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.

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. Assets, liabilities and net assets or equity:

1. Deposits and investments

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. The City currently holds \$525 available as petty cash.

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

- (a) Local Government Surplus Funds Trust fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in s. 163.01.
- (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- (c) Savings accounts in state-certified qualified public depositories, as defined in s. 280.02.
- (d) Certificates of deposit state certified qualified public depositories, as defined in s. 280.02.
- (e) Direct obligations of the U.S. Treasury.
- (f) Federal agencies and instrumentalities.
- (g) 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).

Investments are reported at fair value. The Local Government Investment Pool (LGIP) operates in accordance with appropriate state laws and regulations. As a money market fund, the LGIP invests in short-term, high quality money market instruments issued by financial institutions, non-financial corporations, the U.S. Government and federal agencies. Money market instruments must be of the highest applicable rating, while other eligible securities must be rated investment grade. All nongovernmental securities must have a maturity of less than 13 months. The maturity of obligations of the U.S. Treasury and U.S. Agencies may not exceed two years. The weighted average maturity of the portfolio may not exceed 90 days. The reported value of the pool is the same as the fair value of the pool shares.

2. Receivables and payables:

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are shown net of an allowance for uncollectibles. Accounts receivable in excess of 90 days comprise the accounts receivable allowance for uncollectibles.

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, 2006 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.

3. Inventories and prepaid items

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.

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 \$34,486 at September 30, 2006.

4. 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.

5. 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 2006 is \$994,238 for governmental funds and \$31,294 for business-type activities.

Pursuant to GASB Statement No. 34, an extended period of deferral 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 will implement this requirement with statements dated September 30, 2007. 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 2006.

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

6. 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.

7. 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.

8. 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 districts pursuant to the authority of Florida Statutes 189.401.

9. Reclassifications:

In fiscal year 2006, it was discovered that the prior year financial statements overstated land by \$1,733,123 in regards to the cost of burying the underground power lines on Lake Mary Blvd. In addition, a reclassification of Liberty Park amenities was also deemed to be a more accurate reflection of capital assets, resulting in an additional prior period adjustment of \$105,432 for prior period(s) depreciation expense. Total prior period adjustments, totaling \$1,838,555, are reflected only on government wide statements.

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. Deposits with financial institutions:

At September 30, 2006, the carrying amount of the City's deposits was (\$450,792) and the bank balance was \$305,607.

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.

B. Investments:

As of September 30, 2006, the City had the following investments.

Investment Type	Fair Value	Weighted Average Maturity (years)
U.S. Agencies	\$ 8,643,799	1.25
U.S. Agencies - step bonds	4,356,686	1.48
State Investment Pool	15,993,642	n/a
Repurchase agreements	1,457,823	n/a
Total Fair Value of Investments	<u>\$ 30,451,950</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 Investment Pool (SBA), 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. The SBA is administered by the State of Florida. Investments held consist of U.S. Treasury obligations, short-term federal agency obligations, repurchase agreements, and commercial paper. These short-term investments are included as cash equivalents and are stated at cost, which approximates fair value. All agencies held by the City on September 30, 2006, are rated AAA by Standard & Poor's, while the SBA is not rated by a nationally recognized statistical rating agency.

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, 2006, 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, 2006:

City of Lake Mary, Florida
Notes to the Financial Statements
September 30, 2006

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	\$ 430,915	4.52	\$ 229,423	11.28	\$ -	n/a
U.S. Agencies	1,047,820	9.29	604,136	16.79	-	n/a
Corporate Bonds	543,739	10.04	566,891	12.18	523,634 *	unk
Corporate Stocks	4,533,321	n/a	2,341,848	n/a	1,265,939	n/a
International Stocks	29,976	n/a	261,511	n/a	19,681	n/a
Miscellaneous	-	n/a	10,115	n/a	-	n/a
Total Investments	<u>6,585,771</u>		<u>4,013,924</u>		<u>1,809,254</u>	
Cash and Cash Equivalents	577,694	n/a	206,987	n/a	292,993 *	n/a
Total Cash and Investments	<u>\$ 7,163,465</u>		<u>\$ 4,220,911</u>		<u>\$ 2,102,247</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. Of Police Pension investments, 63% are rated by Moody's as A2 or better, 8% rated by Moodys as Baa1 to Baa3, with 29% unrated. Fire Pension investments are 57% rated by Moody's as A3 or better, 3% rated Baa1 to Baa2, with 39% unrated. Unrated investments are typically U.S. Agency backed securities.

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 pension fund's fixed income portfolio.

As of September 30, 2006, the Police and Fire Pension funds had satisfied all of the objectives and requirements laid out in their respective 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, 2006 were as follows:

	Accounts and Assessments Receivable	Allowance for Uncollectibles	Net Receivable
General Fund	\$ 556,973	\$ 1,224	\$ 555,749
Special Revenue Funds	3,852	-	3,852
Enterprise Funds	934,123	5,303	928,820
	<u>\$ 1,494,948</u>	<u>\$ 6,527</u>	<u>\$ 1,488,421</u>

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2006 was as follows:

City of Lake Mary, Florida
Notes to the Financial Statements
September 30, 2006

	Restated Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 4,670,551	\$ -	\$ (12,008)	\$ 4,658,543
Construction in progress	556,095	298,020	(644,262)	209,853
Total capital assets, not being depreciated	<u>5,226,646</u>	<u>298,020</u>	<u>(656,270)</u>	<u>4,868,396</u>
Capital assets, being depreciated:				
Buildings	18,009,302	35,775	(22,462)	18,022,615
Improvements other than buildings	2,971,708	146,011	-	3,117,719
Equipment	1,547,894	127,859	(102,820)	1,572,933
Infrastructure	685,283	517,069	-	1,202,352
Vehicles	3,316,283	880,570	(314,832)	3,882,021
Total capital assets, being depreciated:	<u>26,530,470</u>	<u>1,707,284</u>	<u>(440,114)</u>	<u>27,797,640</u>
Less accumulated depreciation for				
Buildings	(2,669,228)	(719,514)	28,950	(3,359,792)
Improvements other than buildings	(1,130,831)	(196,345)	-	(1,327,176)
Equipment	(905,467)	(141,056)	96,332	(950,191)
Infrastructure	(20,161)	(19,904)	-	(40,065)
Vehicles	(1,935,922)	(448,811)	314,832	(2,069,901)
Total accumulated depreciation	<u>(6,661,609)</u>	<u>(1,525,630)</u>	<u>440,114</u>	<u>(7,747,125)</u>
Total capital assets, being depreciated, net	<u>19,868,861</u>	<u>181,654</u>	<u>-</u>	<u>20,050,515</u>
Governmental activities capital assets, net	<u>\$ 25,095,507</u>	<u>\$ 479,674</u>	<u>\$ (656,270)</u>	<u>\$ 24,918,911</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 39,548	\$ -	\$ -	\$ 39,548
Construction in progress	734,003	3,231,261	(616,596)	3,348,668
Total capital assets, not being depreciated	<u>773,551</u>	<u>3,231,261</u>	<u>(616,596)</u>	<u>3,388,216</u>
Capital assets, being depreciated:				
Buildings	472,000	-	-	472,000
Water/sewer system	15,505,509	320,750	-	15,826,259
Stormwater system	2,586,730	359,093	-	2,945,823
Machinery and equipment	200,903	57,898	(66,867)	191,934
Total capital assets, being depreciated:	<u>18,765,142</u>	<u>737,741</u>	<u>(66,867)</u>	<u>19,436,016</u>
Less accumulated depreciation for				
Buildings	(224,200)	(11,800)	-	(236,000)
Water/sewer system	(2,767,721)	(356,839)	-	(3,124,560)
Stormwater system	(821,542)	(158,127)	-	(979,669)
Machinery and equipment	(174,618)	(10,768)	66,867	(118,519)
Total accumulated depreciation	<u>(3,988,081)</u>	<u>(537,534)</u>	<u>66,867</u>	<u>(4,458,748)</u>
Total capital assets, being depreciated, net	<u>14,777,061</u>	<u>200,207</u>	<u>-</u>	<u>14,977,268</u>
Business-type capital assets, net	<u>\$ 15,550,612</u>	<u>\$ 3,431,468</u>	<u>\$ (616,596)</u>	<u>\$ 18,365,484</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 352,967
Public works	54,786
Police	221,822
Fire	195,173
Parks	252,071
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>448,811</u>
Total depreciation expense	<u>\$ 1,525,630</u>

Depreciation expense was charged to business type activities as follows:

Water/sewer system	\$ 378,167
Stormwater system	159,367
Total depreciation expense	<u>\$ 537,534</u>

NOTE 7 LEASES

A. Capital Leases:

On September 30, 2006, the City had no capital leases outstanding.

B. Operating Leases:

The City leases copier equipment and digital mailing system equipment under noncancelable operating leases with a duration of 60 months each, as well as credit card terminals under noncancelable operating leases with a duration of 48 months. The total cost for such leases was \$24,972 for the year ended September 30, 2006. The future minimum lease payments for these leases are as follows:

Year Ending September 30,	
2007	\$ 24,972
2008	18,734
2009	4,331
2010	2,478
	<u>\$ 50,515</u>

NOTE 8 PUBLIC IMPROVEMENT REVENUE BONDS

A. Bonds Payable:

Bonds payable at September 30, 2006 are comprised of the following individual obligations:

Description	Interest Rate	Original Amount	Balance at September 30, 2006
Public Improvement Refunding Revenue Bond, Series 2003; due serially on September 1 of each year to September 1, 2013.	3.41%	\$ 7,305,000	\$ 5,085,000
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>2,150,000</u>
Total Bonds Payable			<u><u>\$ 7,235,000</u></u>

B. Summary of Debt Service Requirements to Maturity:

Fiscal Year Ending Sept. 30,	Principal	Interest	Total Debt Service
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	1,125,000	130,155	1,255,155
2012-2015	1,985,000	191,525	2,176,525
Totals	<u><u>\$ 7,235,000</u></u>	<u><u>\$ 1,228,356</u></u>	<u><u>\$ 8,463,356</u></u>

C. Changes in Long-Term Liabilities:

During the year ended September 30, 2006, the following changes occurred in liabilities reported:

	Balance 09/30/2005	Reductions	Additions	Balance 09/30/2006	Balance Due within One Year
Governmental activities					
Public Improvement Refunding Revenue Bonds Series 1996	\$ 2,340,000	\$ (190,000)	\$ -	\$ 2,150,000	\$ 195,000
Public Improvement Refunding Revenue Bonds Series 2003	5,835,000	(750,000)	-	5,085,000	780,000
Compensated absences Governmental activity Long -term liabilities	<u>737,725</u>	<u>(2,193)</u>	<u>108,935</u>	<u>844,467</u>	<u>1,920</u>
	<u>\$ 8,912,725</u>	<u>\$ (942,193)</u>	<u>\$ 108,935</u>	<u>\$ 8,079,467</u>	<u>\$ 976,920</u>
Business-type activities:					
Compensated absences Business-type activity Long-term liabilities	<u>\$ 33,983</u>	<u>\$ (2,718)</u>	<u>\$ 12,003</u>	<u>\$ 43,268</u>	<u>\$ 3,462</u>
	<u>\$ 33,983</u>	<u>\$ (2,718)</u>	<u>\$ 12,003</u>	<u>\$ 43,268</u>	<u>\$ 3,462</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, \$24,008 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 50 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, 2006. 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, 2006 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	33,250	Transfer from the Street Lighting District to reimburse the General Fund for streetlighting electricity and pole and fixture rental costs.
General Fund	45,000	Transfer from Recreation Impact Fee Fund to reimburse the General Fund for expenditures incurred for the Tennis Complex.
Debt Service Funds	1,255,000	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	189,999	Transfer from Municipal Services Construction Fund to close fund after project completion.
General Projects Fund	93,719	Transfer from Building Construction Fund to close fund after project completion.
General Projects Fund	719,939	Transfer from General Fund to provide for general capital improvements of the city.
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. These funds are reported using the full accrual basis of accounting. The benefits and refunds of each defined benefit plan are recognized when due and payable in accordance with the terms of the plan.

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, 2006. In accordance with GAAP, the City has recorded the direct state pension contribution from insurance premium payments in the amount of \$356,567 as an intergovernmental revenue and public safety expense in the general fund.

**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, 2006	\$ 506,018	100%	\$ -
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%	-

**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, 2006	\$ 361,562	100%	\$ -
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%	-

The amounts legally required as of September 30, 2006 to be reserved for the police and firefighter pension funds are \$7,258,232 and \$4,360,012, 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, 2004 and with regard to contributions for fiscal year 2005/2006, based on the October 1, 2004 actuarial report.

	<u>POLICE</u>	<u>FIRE</u>
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
NORMAL RETIREMENT		
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
EARLY RETIREMENT		
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.
TERMINATION OF EMPLOYMENT		
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
DISABILITY BENEFIT		
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 City Annual Pension Cost Contributions Made</p>	<p>5.0% of Salary 17.1% of Salary 506,018 602,037</p>	<p>5.0% of Salary 20.7% of Salary 361,562 538,717</p>
--------------------------------------------------------------------------------	----------------------------------------------------------------------	----------------------------------------------------------------------

ACTUARIAL VALUATION:

<p>Frequency Latest Date Basis for Contribution Cost Method</p>	<p>Annual 10/1/2004 10/1/2004 Aggregate</p>	<p>Annual 10/1/2004 10/1/2004 Aggregate</p>
--------------------------------------------------------------------------------	------------------------------------------------------------	------------------------------------------------------------

City of Lake Mary, Florida
Notes to the Financial Statements
September 30, 2006

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

	MEMBERS	
	<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 6.0 percent investment return that failed to meet the 7.5 percent assumption for police, a 6.8 percent investment returned that failed to meet the 8.0 percent assumption for firefighters, 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, 2006, payroll for the employees covered by this plan was \$3,581,567. Employer contributions required and made were \$214,894. Voluntary employee contributions during the fiscal year were \$75,065 which includes an employee rollover of \$60,414.08. As of September 30, 2006, participation in the plan consisted of 91 active members. The outstanding employee loan amount at September 30, 2006 was \$61,454.

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, 2006

City of Lake Mary, Florida
Individual Statement of Pension Fund Net Assets
Fiduciary Funds
As of September 30, 2006

	Police Pension Trust	Fire Pension Trust	General Employees Pension
ASSETS			
Cash and cash equivalents	\$ 577,694	\$ 206,987	\$ 292,993
Receivables:			
Interest receivable	27,964	14,877	-
Notes receivable - employee	-	-	61,454
Contributions receivable - employer	78,026	128,196	4,197
Contributions receivable - employee	3,899	4,154	-
Total receivables	<u>109,889</u>	<u>147,227</u>	<u>65,651</u>
Investments at fair value			
Domestic corporate & Govt bonds	2,022,474	1,400,450	523,634
Domestic stocks	4,533,321	2,341,848	1,265,939
Other securities	29,976	271,626	19,681
Total investments	<u>6,585,771</u>	<u>4,013,924</u>	<u>1,809,254</u>
Total assets	<u>7,273,354</u>	<u>4,368,138</u>	<u>2,167,898</u>
LIABILITIES			
Accounts payable	15,122	8,126	-
Total liabilities	<u>15,122</u>	<u>8,126</u>	<u>-</u>
NET ASSETS			
Held in trust for pension benefits	<u>\$ 7,258,232</u>	<u>\$ 4,360,012</u>	<u>\$ 2,167,898</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, 2006

	Police Pension Trust	Fire Pension Trust	General Employees Pension
ADDITIONS			
Contributions:			
Employer contributions	\$ 492,411	\$ 434,631	\$ 214,894
Employee contributions	109,626	104,086	75,065
Total contributions	<u>602,037</u>	<u>538,717</u>	<u>289,959</u>
Investment earnings			
Interest	199,469	114,757	-
Net increase (decrease) in fair value of investments	<u>352,878</u>	<u>241,112</u>	<u>139,169</u>
Net investment earnings	<u>552,347</u>	<u>355,869</u>	<u>139,169</u>
Total additions	<u>1,154,384</u>	<u>894,586</u>	<u>429,128</u>
DEDUCTIONS			
Benefit payments	179,821	19,875	102,822
Refunds of contributions	30,101	935	-
Administrative expenses	60,266	42,789	1,078
Total deductions	<u>270,188</u>	<u>63,599</u>	<u>103,900</u>
Change in net assets	884,196	830,987	325,228
Net assets - beginning	<u>6,374,036</u>	<u>3,529,025</u>	<u>1,842,670</u>
Net assets - ending	<u>\$ 7,258,232</u>	<u>\$ 4,360,012</u>	<u>\$ 2,167,898</u>

NOTE 13 DEFERRED COMPENSATION PLAN

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

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

NOTE 14 SUBSEQUENT EVENTS

After the close of the fiscal year, the City entered into a settlement agreement with Stately Contractors in the amount of \$835,270 for contract change orders in connection with the Lake Mary Woods sewer construction project. The final construction engineering and inspection services costs have yet to be determined.

On November 7, 2006, voters, by a 67 percent margin, authorized the issuance of up to \$5 million in general revenue debt expected to be issued in February 2007.



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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
As of September 30, 2006**

	Special Revenue					
	Police Education Fund	Police Impact Fees	Fire Impact Fees	Public Works Impact Fees	Recreation Impact Fees	Law Enforcement Trust
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 50,873	\$ 139,012	\$ 63,263	\$ 44,282	\$ 89,031	\$ 68,163
Investments	43,311	289,023	81,124	45,102	37,956	107,370
Interest receivable	377	1,704	570	352	500	700
Unbilled service charges	-	-	-	-	-	-
Assessments receivable	-	-	-	-	-	-
Prepaid expenses	250	-	-	-	-	-
Total Assets	<u>94,811</u>	<u>429,739</u>	<u>144,957</u>	<u>89,736</u>	<u>127,487</u>	<u>176,233</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	22	-	-	51,054	-	-
Total Liabilities	<u>22</u>	<u>-</u>	<u>-</u>	<u>51,054</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Reserved for debt service	-	-	-	-	-	-
Unreserved, undesignated	94,789	429,739	144,957	38,682	127,487	176,233
Total Fund Balance	<u>94,789</u>	<u>429,739</u>	<u>144,957</u>	<u>38,682</u>	<u>127,487</u>	<u>176,233</u>
Total liabilities and fund balances	<u>\$ 94,811</u>	<u>\$ 429,739</u>	<u>\$ 144,957</u>	<u>\$ 89,736</u>	<u>\$ 127,487</u>	<u>\$ 176,233</u>

Note: both non-major capital funds were closed during Fiscal Year 2006.

Street Lighting District	Debt Service				Total Nonmajor Governmental Funds
	Total	PIRB Series 1996	PIRRB Series 2003	Total	
\$ 8,851	\$ 463,475	\$ 27,333	\$ 12,632	\$ 39,965	\$ 503,440
1,380	605,266	-	-	-	605,266
41	4,244	-	-	-	4,244
931	931	-	-	-	931
2,921	2,921	-	-	-	2,921
-	250	-	-	-	250
<u>14,124</u>	<u>1,077,087</u>	<u>27,333</u>	<u>12,632</u>	<u>39,965</u>	<u>1,117,052</u>
-	51,076	-	-	-	51,076
-	<u>51,076</u>	-	-	-	<u>51,076</u>
-	-	27,333	12,632	39,965	39,965
14,124	1,026,011	-	-	-	1,026,011
<u>14,124</u>	<u>1,026,011</u>	<u>27,333</u>	<u>12,632</u>	<u>39,965</u>	<u>1,065,976</u>
<u>\$ 14,124</u>	<u>\$ 1,077,087</u>	<u>\$ 27,333</u>	<u>\$ 12,632</u>	<u>\$ 39,965</u>	<u>\$ 1,117,052</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, 2006

	Special Revenue Funds					
	Police Education Fund	Police Impact Fees	Fire Impact Fees	Public Works Impact Fees	Recreation Impact Fees	Law Enforcement Trust
REVENUES						
Impact fees/assessments	\$ -	\$ 72,689	\$ 58,114	\$ 12,624	\$ 108,721	\$ -
Fines and forfeitures	12,624	-	-	-	-	10,092
Investment income	3,884	18,593	5,797	3,618	4,679	7,491
Total revenues	<u>16,508</u>	<u>91,282</u>	<u>63,911</u>	<u>16,242</u>	<u>113,400</u>	<u>17,583</u>
EXPENDITURES						
Current:						
Public works	-	-	-	-	-	-
Public safety	7,602	21,521	-	-	-	10,000
Debt service:						
Principal	-	-	-	-	-	-
Interest and other fiscal charges	-	-	-	-	-	-
Capital outlay:						
Public works	-	-	-	51,054	-	-
Public safety	-	40,285	-	-	-	-
Total expenditures	<u>7,602</u>	<u>61,806</u>	<u>-</u>	<u>51,054</u>	<u>-</u>	<u>10,000</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>8,906</u>	<u>29,476</u>	<u>63,911</u>	<u>(34,812)</u>	<u>113,400</u>	<u>7,583</u>
OTHER FINANCING SOURCES (USES)						
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>	<u>-</u>
Net change in fund balances	8,906	29,476	41,411	(34,812)	68,400	7,583
Fund Balances - beginning	85,883	400,263	103,546	73,494	59,087	168,650
Fund Balances - end	<u>\$ 94,789</u>	<u>\$ 429,739</u>	<u>\$ 144,957</u>	<u>\$ 38,682</u>	<u>\$ 127,487</u>	<u>\$ 176,233</u>

Street Lighting District	Total	Debt Service			Capital Projects			Total Nonmajor Governmental Funds
		PIRB Series 1996	PIRRB Series 2003	Total	Fire Station Construction	Building Construction	Total	
\$ 33,399	\$ 285,547	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	285,547
-	22,716	-	-	-	-	-	-	22,716
435	44,497	-	-	-	-	-	-	44,497
<u>33,834</u>	<u>352,760</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>352,760</u>
-	-	-	-	-	-	-	-	-
-	39,123	-	-	-	-	-	-	39,123
-	-	190,000	750,000	940,000	-	-	-	940,000
-	-	117,037	198,630	315,667	-	-	-	315,667
-	51,054	-	-	-	-	-	-	51,054
-	40,285	-	-	-	-	-	-	40,285
<u>-</u>	<u>130,462</u>	<u>307,037</u>	<u>948,630</u>	<u>1,255,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,386,129</u>
<u>33,834</u>	<u>222,298</u>	<u>(307,037)</u>	<u>(948,630)</u>	<u>(1,255,667)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,033,369)</u>
-	-	305,000	950,000	1,255,000	-	-	-	1,255,000
(33,250)	(100,750)	-	-	-	(189,999)	(93,719)	(283,718)	(384,468)
<u>(33,250)</u>	<u>(100,750)</u>	<u>305,000</u>	<u>950,000</u>	<u>1,255,000</u>	<u>(189,999)</u>	<u>(93,719)</u>	<u>(283,718)</u>	<u>870,532</u>
584	121,548	(2,037)	1,370	(667)	(189,999)	(93,719)	(283,718)	(162,837)
13,540	904,463	29,370	11,262	40,632	189,999	93,719	283,718	1,228,813
<u>\$ 14,124</u>	<u>\$ 1,026,011</u>	<u>\$ 27,333</u>	<u>\$ 12,632</u>	<u>\$ 39,965</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,065,976</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, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 12,000	\$ 12,000	\$ 12,624	\$ 624
Investment income	250	250	3,884	3,634
Total revenues	<u>12,250</u>	<u>12,250</u>	<u>16,508</u>	<u>4,258</u>
EXPENDITURES				
Current:				
Public safety	<u>8,500</u>	<u>8,500</u>	<u>7,602</u>	<u>898</u>
Total expenditures	<u>8,500</u>	<u>8,500</u>	<u>7,602</u>	<u>898</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>3,750</u>	<u>3,750</u>	<u>8,906</u>	<u>5,156</u>
Fund balances at beginning of year	<u>85,883</u>	<u>85,883</u>	<u>85,883</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 89,633</u></u>	<u><u>\$ 89,633</u></u>	<u><u>\$ 94,789</u></u>	<u><u>\$ 5,156</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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Impact fees/assessments	\$ 49,500	\$ 49,500	\$ 72,689	\$ 23,189
Investment income	3,400	3,400	18,593	15,193
Total revenues	<u>52,900</u>	<u>52,900</u>	<u>91,282</u>	<u>38,382</u>
EXPENDITURES				
Capital Outlay:				
Public safety	41,700	68,667	61,806	6,861
Total expenditures	<u>41,700</u>	<u>68,667</u>	<u>61,806</u>	<u>6,861</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>11,200</u>	<u>(15,767)</u>	<u>29,476</u>	<u>45,243</u>
OTHER FINANCING SOURCES (USES)				
Cash Balance Forward		26,967	-	(26,967)
Total other financing sources and uses	-	26,967	-	(26,967)
Net change in fund balances	11,200	11,200	29,476	18,276
Fund balances at beginning of year	400,263	400,263	400,263	-
Fund balances at end of year	<u>\$ 411,463</u>	<u>\$ 411,463</u>	<u>\$ 429,739</u>	<u>\$ 9,585</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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Impact fees/assessments	\$ 52,500	\$ 52,500	\$ 58,114	\$ 5,614
Investment income	2,000	828	5,797	4,969
Total revenues	<u>54,500</u>	<u>53,328</u>	<u>63,911</u>	<u>10,583</u>
EXPENDITURES				
Capital Outlay:				
Public safety	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>54,500</u>	<u>53,328</u>	<u>63,911</u>	<u>10,583</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	<u>(22,500)</u>	<u>(22,500)</u>	<u>(22,500)</u>	<u>-</u>
Total other financing sources and uses	<u>(22,500)</u>	<u>(22,500)</u>	<u>(22,500)</u>	<u>-</u>
Net change in fund balances	32,000	30,828	41,411	10,583
Fund balances at beginning of year	<u>103,546</u>	<u>103,546</u>	<u>103,546</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 135,546</u></u>	<u><u>\$ 134,374</u></u>	<u><u>\$ 144,957</u></u>	<u><u>\$ 10,583</u></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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Impact fees/assessments	\$ 7,800	\$ 7,800	\$ 12,624	\$ 4,824
Investment income	420	420	3,618	3,198
Total revenues	<u>8,220</u>	<u>8,220</u>	<u>16,242</u>	<u>8,022</u>
EXPENDITURES				
Capital Outlay:				
Public works	<u>75,000</u>	<u>75,000</u>	<u>51,054</u>	<u>23,946</u>
Total expenditures	<u>75,000</u>	<u>75,000</u>	<u>51,054</u>	<u>23,946</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>(66,780)</u>	<u>(66,780)</u>	<u>(34,812)</u>	<u>31,968</u>
Fund balances at beginning of year	<u>73,494</u>	<u>73,494</u>	<u>73,494</u>	<u>-</u>
Fund balances at end of year	<u>\$ 6,714</u>	<u>\$ 6,714</u>	<u>\$ 38,682</u>	<u>\$ 31,968</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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Impact fees/assessments	\$ 100,500	\$ 100,500	\$ 108,721	\$ 8,221
Investment income	1,200	1,200	4,679	3,479
Total revenues	<u>101,700</u>	<u>101,700</u>	<u>113,400</u>	<u>11,700</u>
EXPENDITURES				
Capital Outlay:				
Parks and recreation	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>101,700</u>	<u>101,700</u>	<u>113,400</u>	<u>11,700</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(45,000)</u>	<u>(45,000)</u>	<u>(45,000)</u>	<u>-</u>
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	56,700	56,700	68,400	11,700
Fund balances at beginning of year	<u>59,087</u>	<u>59,087</u>	<u>59,087</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 115,787</u></u>	<u><u>\$ 115,787</u></u>	<u><u>\$ 127,487</u></u>	<u><u>\$ 11,700</u></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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ 10,092	\$ 10,092
Investment income	450	450	7,491	7,041
Total revenues	<u>450</u>	<u>450</u>	<u>17,583</u>	<u>17,133</u>
EXPENDITURES				
Current:				
Public safety	-	10,000	10,000	-
Total expenditures	<u>-</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>450</u>	<u>(9,550)</u>	<u>7,583</u>	<u>17,133</u>
Fund balances at beginning of year	<u>168,650</u>	<u>168,650</u>	<u>168,650</u>	<u>-</u>
Fund balances at end of year	<u>\$ 169,100</u>	<u>\$ 159,100</u>	<u>\$ 176,233</u>	<u>\$ 17,133</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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Impact fees/assessments	\$ 33,250	\$ 33,250	\$ 33,399	\$ 149
Investment income	25	25	435	410
Total revenues	<u>33,275</u>	<u>33,275</u>	<u>33,834</u>	<u>559</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiencies) of revenues over (under) expenditures	<u>33,275</u>	<u>33,275</u>	<u>33,834</u>	<u>559</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(33,250)	(33,250)	(33,250)	-
Total other financing sources and uses	<u>(33,250)</u>	<u>(33,250)</u>	<u>(33,250)</u>	<u>-</u>
Net change in fund balances	25	25	584	559
Fund balances at beginning of year	13,540	13,540	13,540	-
Fund balances at end of year	<u>\$ 13,565</u>	<u>\$ 13,565</u>	<u>\$ 14,124</u>	<u>\$ 559</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, 2006

	Police Pension Trust	Fire Pension Trust	General Employees Pension	Total Employee Pension Funds
ASSETS				
Cash and cash equivalents	\$ 577,694	\$ 206,987	\$ 292,993	\$ 1,077,674
Receivables:				
Interest receivable	27,964	14,877	-	42,841
Notes receivable - employee	-	-	61,454	61,454
Contributions receivable - employer	78,026	128,196	4,197	210,419
Contributions receivable - employee	3,899	4,154	-	8,053
Total receivables	<u>109,889</u>	<u>147,227</u>	<u>65,651</u>	<u>322,767</u>
Investments at fair value				
Domestic corporate & Govt bonds	2,022,474	1,400,450	523,634	3,946,558
Domestic stocks	4,533,321	2,341,848	1,265,939	8,141,108
Other securities	29,976	271,626	19,681	321,283
Total investments	<u>6,585,771</u>	<u>4,013,924</u>	<u>1,809,254</u>	<u>12,408,949</u>
Total assets	<u>7,273,354</u>	<u>4,368,138</u>	<u>2,167,898</u>	<u>13,809,390</u>
LIABILITIES				
Accounts payable	<u>15,122</u>	<u>8,126</u>	-	<u>23,248</u>
Total liabilities	<u>15,122</u>	<u>8,126</u>	-	<u>23,248</u>
NET ASSETS				
Held in trust for pension benefits	<u>\$ 7,258,232</u>	<u>\$ 4,360,012</u>	<u>\$ 2,167,898</u>	<u>\$ 13,786,142</u>

City of Lake Mary, Florida
Combining Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended September 30, 2006

	Police Pension Trust	Fire Pension Trust	General Employees Pension	Total Employee Pension Funds
ADDITIONS				
Contributions:				
City	\$ 312,105	\$ 258,370	\$ 214,894	\$ 785,369
State	180,306	176,261	-	356,567
Employee	109,626	104,086	75,065	288,777
Total contributions	<u>602,037</u>	<u>538,717</u>	<u>289,959</u>	<u>1,430,713</u>
Investment earnings				
Interest	199,469	114,757	-	314,226
Net increase (decrease) in fair value of investments	<u>352,878</u>	<u>241,112</u>	<u>139,169</u>	<u>733,159</u>
Net investment earnings	<u>552,347</u>	<u>355,869</u>	<u>139,169</u>	<u>1,047,385</u>
Total additions	<u>1,154,384</u>	<u>894,586</u>	<u>429,128</u>	<u>2,478,098</u>
DEDUCTIONS				
Benefit payments	179,821	19,875	102,822	302,518
Refunds of contributions	30,101	935	-	31,036
Administrative expenses	<u>60,266</u>	<u>42,789</u>	<u>1,078</u>	<u>104,133</u>
Total deductions	<u>270,188</u>	<u>63,599</u>	<u>103,900</u>	<u>437,687</u>
Change in net assets	884,196	830,987	325,228	2,040,411
Net assets - beginning	<u>6,374,036</u>	<u>3,529,025</u>	<u>1,842,670</u>	<u>11,745,731</u>
Net assets - ending	<u>\$ 7,258,232</u>	<u>\$ 4,360,012</u>	<u>\$ 2,167,898</u>	<u>\$ 13,786,142</u>



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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.

Contents	Page
Financial Trends	82
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	92
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	97
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	100
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	102
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	108
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)

	Fiscal Year			
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
*	\$ 11,735	\$ 8,061	\$ 10,960	\$ 18,759	\$ 17,684
*	-	8,901	7,678	2,257	2,266
*	<u>12,439</u>	<u>9,524</u>	<u>10,583</u>	<u>11,293</u>	<u>14,156</u>
	<u>\$ 24,174</u>	<u>\$ 26,486</u>	<u>\$ 29,221</u>	<u>\$ 32,309</u>	<u>\$ 34,106</u>
*	\$ 13,534	\$ 14,044	\$ 14,983	\$ 15,551	\$ 18,365
*	951	1,049	1,145	2,189	2,455
*	<u>8,681</u>	<u>9,381</u>	<u>10,127</u>	<u>12,280</u>	<u>10,942</u>
	<u>\$ 23,166</u>	<u>\$ 24,474</u>	<u>\$ 26,255</u>	<u>\$ 30,020</u>	<u>\$ 31,762</u>
*	\$ 25,269	\$ 22,105	\$ 25,943	\$ 34,310	\$ 36,049
*	951	9,950	8,823	4,446	4,721
*	<u>21,120</u>	<u>18,905</u>	<u>20,710</u>	<u>23,573</u>	<u>25,098</u>
	<u>\$ 47,340</u>	<u>\$ 50,960</u>	<u>\$ 55,476</u>	<u>\$ 62,329</u>	<u>\$ 65,868</u>

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

Expenses	Fiscal Year									
	<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>	<u>2006</u>
Governmental activities:										
General government	*	*	*	*	*	\$ 1,728	\$ 2,266	\$ 3,187	\$ 2,492	\$ 2,687
Public works	*	*	*	*	*	719	816	2,987 ¹	1,184	773
Public safety	*	*	*	*	*	6,193	6,546	7,402	8,082	9,725
Parks and recreation	*	*	*	*	*	1,231	2,190	1,598	1,747	1,857
Interest & other fiscal charges on long-term debt	*	*	*	*	*	345	332	389	345	318
Total governmental activities expenses	<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>	<u>15,360</u>
Business-type activities:										
Water & Sewer	*	*	*	*	*	1,969	2,114	2,479	2,447	2,520
Stormwater	*	*	*	*	*	122	160	239	275	282
Total business-type activities expenses	<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>	<u>\$ 2,802</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	*	*	*	*	*	\$ 141	\$ 203	\$ 234	\$ 343	\$ 238
Public works	*	*	*	*	*	6	4	4	5	13
Public safety	*	*	*	*	*	955	1,176	1,128	1,320	1,948
Parks and recreation	*	*	*	*	*	227	219	209	213	319
Operating grants and contributions	*	*	*	*	*	10	665	2,772 ¹	957	764
Capital grants and contributions	*	*	*	*	*	127	524	807	140	249
Total governmental activities program revenues	<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>	<u>3,531</u>
Business-type activities:										
Charges for services:										
Water & Sewer	*	*	*	*	*	3,367	3,283	3,474	3,411	3,794
Stormwater	*	*	*	*	*	229	236	242	248	251
Capital grants and contributions	*	*	*	*	*	268	417	1,251	1,241	305
Total business-type activities program revenues	<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>	<u>4,350</u>
Total government program revenues	<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>	<u>\$ 7,881</u>

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Net (expense)/revenue										
Governmental activities	*	*	*	*	*	\$ (8,750)	\$ (9,359)	\$ (10,409)	\$ (10,872)	\$ (11,829)
Business-type activities	*	*	*	*	*	1,773	1,662	2,249	2,178	1,548
Total government net expense	*	*	*	*	*	\$ (6,977)	\$ (7,697)	\$ (8,160)	\$ (8,694)	\$ (10,281)

General Revenues and Other Changes in Net Assets

Governmental activities:

Taxes										
Property taxes	*	*	*	*	*	\$ 4,615	\$ 5,038	\$ 6,056	\$ 6,033	\$ 6,534
Franchise and utility taxes	*	*	*	*	*	4,420	4,707	5,040	5,449	6,001
Unrestricted intergovernmental revenues	*	*	*	*	*	1,533	972	1,063	1,240	1,382
Unrestricted investment earnings	*	*	*	*	*	549	336	280	341	720
Miscellaneous revenues	*	*	*	*	*	52	69	81	241	173
Transfers	*	*	*	*	*	475	550	625	655	655
Total governmental activities	*	*	*	*	*	11,644	11,672	13,145	13,959	15,465
Business-type activities:										
Investment earnings	*	*	*	*	*	361	195	157	271	573
Miscellaneous revenues	*	*	*	*	*	-	-	-	1,970	276
Transfers	*	*	*	*	*	(475)	(550)	(625)	(655)	(655)
Total business-type activities	*	*	*	*	*	(114)	(355)	(468)	1,586	194
Total government	*	*	*	*	*	\$ 11,530	\$ 11,317	\$ 12,677	\$ 15,545	\$ 15,659

Change in Net Assets

Governmental activities	*	*	*	*	*	\$ 2,894	\$ 2,313	\$ 2,736	\$ 3,087	\$ 3,636
Business-type activities	*	*	*	*	*	1,659	1,307	1,781	3,764	1,742
Total government	*	*	*	*	*	\$ 4,553	\$ 3,620	\$ 4,517	\$ 6,851	\$ 5,378

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 Fees	Utility Tax	Total
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
2006	6,534	2,019	3,982	12,535

Taxes included in Unrestricted Intergovernmental Revenues

Fiscal Year	Sales Tax	State Revenue Sharing	Other	Total
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
2006	1,126	239	17	1,382



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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>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
General fund				
Reserved	\$ -	\$ 1	\$ 2,675	\$ 1,735
Unreserved	<u>4,109</u>	<u>5,416</u>	<u>4,631</u>	<u>6,622</u>
Total general fund	<u><u>\$ 4,109</u></u>	<u><u>\$ 5,417</u></u>	<u><u>\$ 7,306</u></u>	<u><u>\$ 8,357</u></u>
All other governmental funds				
Reserved	\$ 4,425	\$ 4,725	\$ 3,972	\$ 2,535
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Debt service funds	<u>48</u>	<u>61</u>	<u>80</u>	<u>83</u>
Total all other governmental funds	<u><u>\$ 4,473</u></u>	<u><u>\$ 4,786</u></u>	<u><u>\$ 4,052</u></u>	<u><u>\$ 2,618</u></u>

Fiscal Year					
<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$ -	\$ 6	\$ 4	\$ 5	\$ 11	\$ 10
<u>7,739</u>	<u>9,782</u>	<u>8,047</u>	<u>6,859</u>	<u>9,834</u>	<u>12,386</u>
<u>\$ 7,739</u>	<u>\$ 9,788</u>	<u>\$ 8,051</u>	<u>\$ 6,864</u>	<u>\$ 9,845</u>	<u>\$ 12,396</u>
\$ 1,261	\$ 1,415	\$ 8,999	\$ 7,816	\$ 2,297	\$ 2,306
993	1,228	1,198	1,151	904	1,026
<u>133</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 2,387</u>	<u>\$ 2,643</u>	<u>\$ 10,197</u>	<u>\$ 8,967</u>	<u>\$ 3,201</u>	<u>\$ 3,332</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>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Revenues				
Taxes				
Property	\$ 2,141	\$ 2,397	\$ 2,923	\$ 3,510
Franchise and utility taxes	2,085	2,578	3,065	3,521
Licenses and Permits	1,061	808	1,049	680
Intergovernmental	914	5,456	4,767	1,557
Charges for services	218	175	200	207
Impact fees/assessments	419	252	535	232
Fines and forfeitures	157	191	261	252
Investment earnings	516	620	374	713
Miscellaneous	304	279	93	83
Total revenues	<u>7,815</u>	<u>12,756</u>	<u>13,267</u>	<u>10,755</u>
Expenditures				
General government	1,287	1,548	1,857	1,407
Public works	459	452	467	532
Public safety	2,442	2,625	2,955	4,309
Parks and recreation	566	620	765	1,043
Capital outlay	1,146	5,285	5,595	3,406
Debt service				
Principal	385	405	410	430
Interest	424	410	397	381
Other charges	-	-	-	-
Total expenditures	<u>6,709</u>	<u>11,345</u>	<u>12,446</u>	<u>11,508</u>
Excess of revenues over (under) expenditures	1,106	1,411	821	(753)
Other financing sources (uses)				
Transfers in	1,658	1,615	1,685	2,460
Transfers out	(1,304)	(1,273)	(1,355)	(2,091)
Refunding bonds issued	-	-	-	-
Bonds issued	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-
Sale of capital assets	-	-	5	-
Total other financing sources (uses)	<u>354</u>	<u>342</u>	<u>335</u>	<u>369</u>
Net change in fund balances	<u>\$ 1,460</u>	<u>\$ 1,753</u>	<u>\$ 1,156</u>	<u>\$ (384)</u>
Debt service as a percentage of noncapital expenditures	17.02%	15.54%	13.35%	11.12%

Fiscal Year						
<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	
\$ 4,033	\$ 4,615	\$ 5,038	\$ 6,056	\$ 6,033	\$ 6,534	
3,690	4,420	4,707	5,073	5,449	6,001	
668	529	669	735	896	1,386	
1,423	1,670	2,115	1,823	4,422	2,408	
332	392	438	432	644	654	
206	153	199	120	119	285	
243	256	285	245	210	179	
1,032	529	328	267	317	721	
79	51	126	152	156	174	
<u>11,706</u>	<u>12,615</u>	<u>13,905</u>	<u>14,903</u>	<u>18,246</u>	<u>18,342</u>	
1,643	1,569	2,201	2,252	2,118	2,318	
540	676	816	2,958	1,121	741	
5,280	5,606	6,333	6,757	7,776	9,397	
1,288	1,163	1,301	1,380	1,506	1,622	
3,409	950	1,147	3,316	7,980	959	
450	360	495	875	905	940	
363	332	299	384	342	316	
-	28	23	-	-	-	
<u>12,973</u>	<u>10,684</u>	<u>12,615</u>	<u>17,922</u>	<u>21,748</u>	<u>16,293</u>	
(1,267)	1,931	1,290	(3,019)	(3,502)	2,049	
4,772	2,500	5,893	4,119	4,267	2,992	
(4,360)	(2,047)	(5,365)	(3,516)	(3,635)	(2,359)	
-	3,790	7,305	-	-	-	
-	-	-	-	-	-	
-	(3,870)	(3,305)	-	-	-	
5	1	-	-	85	-	
<u>417</u>	<u>374</u>	<u>4,528</u>	<u>603</u>	<u>717</u>	<u>633</u>	
<u>\$ (850)</u>	<u>\$ 2,305</u>	<u>\$ 5,818</u>	<u>\$ (2,416)</u>	<u>\$ (2,785)</u>	<u>\$ 2,682</u>	
9.29%	7.99%	7.67%	9.43%	9.96%	8.92%	

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
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
2006	1,429,955	698,274	48.85%	731,681	51.15%	281,175

Source: Seminole County Property Appraiser's Office

<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>
\$ 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%
382,264	1,704,666	3.9998	2,045,187	83.35%

City of Lake Mary, Florida
Property Tax Rates
Direct and Overlapping¹ Governments
Last Ten Fiscal Years²

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		
1997	3.7648	5.1638	0.1987	5.3625	9.1560	0.8800	10.0360	0.4820	19.6453
1998	3.7648	5.1638	0.1234	5.2872	9.1020	0.8160	9.9180	0.4820	19.4520
1999	3.7648	4.9989	0.1170	5.1159	8.7850	0.7560	9.5410	0.4820	18.9037
2000	3.7648	4.9989	0.1083	5.1072	8.6550	0.6900	9.3450	0.4620	18.6790
2001	3.7648	4.9989	0.2208	5.2197	8.5230	0.6390	9.1620	0.4620	18.6085
2002	3.7648	4.9989	0.2086	5.2075	8.4790	0.5210	9.0000	0.4620	18.4343
2003	3.9998	4.9989	0.1910	5.1899	8.2410	0.4950	8.7360	0.4620	18.3877
2004	3.9998	4.9989	0.1721	5.1710	8.1270	0.3850	8.5120	0.4620	18.1448
2005	3.9998	4.9989	0.2041	5.2030	7.9650	0.0000	7.9650	0.4620	17.6298
2006	3.9998	4.9989	0.1451	5.1440	7.7530	0.0000	7.7530	0.4620	17.3588

Source: Seminole County Tax Collectors Office

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

² Taxes levied for the current fiscal year are based on the prior year taxable value.

**City of Lake Mary, Florida
Principal Property Taxpayers
September 30, 2006
(amounts expressed in thousands)**

Taxpayer	2006			1997		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Nextel South Corp - FL9008	\$ 76,822	1	4.51%			
Colonial Realty LP	58,310	2	3.42%			
Sun Life Assurance Co of Canada (formerly a part of Crescent Resources, Inc.)	49,339	3	2.89%			
DRA CRT (formerly a part of Crescent Resources, Inc)	31,493	4	1.85%			
Cingular Wireless LLC	30,791	5	1.81%			
Duke-Weeks LP	25,714	6	1.51%			
Golfview Apts Assoc Ltd	25,442	7	1.49%			
Wachovia Trust Co, Trustee	22,713	8	1.33%			
North Point LP	22,367	9	1.31%			
Heathrow Hotel Owners LLC (Marriott Hotel)	21,556	10	1.26%			
Siemens Stromberg	-		-	\$ 42,519	1	7.18%
A T & T	-		-	37,913	2	6.40%
Recoton	-		-	18,995	3	3.21%
Shell Land & Energy (Northpoint)				10,700	4	1.81%
HIBC Dev Corp				10,272	5	1.73%
Lake Mary Assoc, LP				8,653	6	1.46%
Crescent Resources, Inc	-		-	7,251	7	1.22%
Suntech/Orlando Ltd Partner	-		-	6,572	8	1.11%
Home Depot, USA	-		-	5,190	9	0.88%
Edward B. Lipkin, Trustee	-		-	5,149	10	0.87%
Totals	\$ 364,547		21.39%	\$ 153,214		25.87%

Source: Seminole County Property Appraiser (www.scpaf1.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
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%	18	6,032	96.73%
2006	6,812	6,516	95.65%	-	6,516	95.65%

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 ²	Per Capita
	Refunding Revenue Bonds ³	Revenue Bonds	Water Revenue Bonds ¹				
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	
2006	5,085	2,150	-	7,235	1.73%	516	

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, 2006
(amounts expressed in thousands)

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping Debt:			
Seminole County General Obligation Debt	\$ 26,775	7.07%	\$ 1,893
Subtotal, overlapping debt			
Direct Debt:			
City of Lake Mary General Obligation Debt ²	-	100%	-
Total direct and overlapping debt	<u>\$ 26,775</u>		<u>\$ 1,893</u>

Sources:

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

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

² 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 ¹	Total Revenue Available for Debt Service	Maximum Annual Debt Service	Coverage	Coverage without Franchise Fees
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
2006	3,982,274	1,125,870	1,678,033	6,786,177	815,235	8.32 x	6.27 x

Water Revenue Bonds

Fiscal Year Ended Sept 30,	Gross Revenues ²	Operating Expenses ³	Net Revenue Available for Debt Service	Debt Service Requirements ⁴			Coverage
				Principal	Interest	Total	
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
2006	3,794,354	2,117,157	1,677,197	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 ¹	Personal Income (amounts expressed in thousands)	Per Capita Personal Income ¹	Median Age ¹	Education Level in Years of Formal Schooling ¹	School Enrollment ³	Unemployment Rate
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 ²	13,163	404,696	30,745 ²	38.2 ²	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%
2006	14,020	448,472	31,988	39.6	14.18	1,253	3.1%

* Data not available

Sources:

- 1 Metro Orlando Economic Development Commission (estimates)
- 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	2006 ¹			1997 ²		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
JP Morgan Chase	1,000	1	2.86%	*	*	*
A T & T	1,132	2	3.23%	*	*	*
Fiserv	1,100	3	3.14%	*	*	*
Siemens Communications	1,000	4	2.86%	*	*	*
Del-Air Heating & Air	700	5	2.00%	*	*	*
Cingular Wireless	700	6	2.00%	*	*	*
American International Group	600	7	1.71%	*	*	*
CuraScript	500	8	1.43%	*	*	*
Sungard H T E Inc	486	9	1.39%	*	*	*
Liberty Mutual	400	10	1.14%	*	*	*
Total	<u>7,618</u>		<u>21.77%</u>			

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 9/30/2006.

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,									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government	18	20	16	21	23	24	24	24	25	26
Public Safety:										
Police										
Sworn Officers	24	26	26	29	29	31	33	34	35	36
Non sworn officers	1	2	2	2	1	1	1	1	1	1
Civilians ¹	11	10	12	12	12	12	16	17	13	16
Fire										
Firefighters and officers	14	15	15	15	20	21	21	21	29	38
Building & Life Safety ²	9	10	14	17	16	16	17	17	15	17
Civilians ³	-	-	1	1	1	1	1	1	1	1
Public Works	12	15	16	16	17	18	18	18	19	19
Parks and Recreations	14	16	14	15	17	18	18	19	18	22
Total	103	114	116	128	136	142	149	151	156	176

Source: City of Lake Mary Departmental Monthly Reports

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>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Police				
Auto Accidents	818	983	995	1,031
Physical arrests	314	372	505	449
Criminal Investigations Conducted	401	468	550	544
Total Calls for Service	17,223	19,789	20,481	24,521
911 Calls Received	3,208	3,504	3,760	3,865
Evidence Processed (pieces)	*	932	932	960
Fire & Life Safety				
Total Permits Issued	3,448	3,882	4,125	3,962
Construction inspections	8,285	10,449	9,072	10,828
Public Education Programs	39	57	57	56
Number of emergency calls answered	1,118	1,736	2,098	2,089
Medical Transports	**	**	**	**
Highways and streets				
Streets paved (miles)	3.0	3.0	7.0	3.0
Streets resurfaced (tons/asphalt)	50.0	74.0	55.0	75.0
Sidewalks/bike paths built or repaired (feet)	505	1,938	3,065	305
Culture and recreation				
Sports Complex ball games & field rentals	1,281	1,150	1,375	1,425
Tennis membership	**	**	**	**
Water				
New connections	540	535	535	150
Number of customers	3,538	4,040	4,344	4,557
Water main breaks	60	54	50	50
Average daily consumption (millions of gallons)	1.50	1.50	3.80	3.78
Meter reads	44,440	41,385	50,500	49,715
General Government				
Employment applications received	310	500	600	300
Personnel actions processed	110	175	200	430
Legal Notices published	147	141	134	125
Occupational Licenses issued	554	755	746	732
Accidents & Injuries reviewed	45	69	80	75
Land Use amendments & rezonings	27	28	28	12
License/Permit Reviews	*	1,277	1,298	1,170
Employee paychecks issued	2,927	3,015	3,060	3,487
Checks deposited	43,741	46,644	50,137	52,806
A/P Checks issued	2,979	3,472	3,462	3,753
Purchase orders/EPO's processed	*	2,378	2,467	1,635
Purchasing Card Transactions	**	**	**	**

Source: City of Lake Mary Departmental Monthly Reports

Notes

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

Fiscal Year					
<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
1,048	1,032	1,035	1,087	1,030	907
378	345	490	515	531	486
575	449	528	304	756	770
25,309	28,644	30,392	31,784	31,122	38,654
3,894	4,331	5,407	4,904	5,076	5,408
1,217	898	1,186	1,712	1,522	1,614
3,904	3,283	3,022	2,309	2,417	3,556
10,578	7,384	7,627	7,816	7,833	9,532
76	111	274	155	98	100
2,687	2,815	2,923	3,175	3,463	3,829
100	953	1,043	1,070	1,217	1,260
2.0	2.0	0.9	3.9	1.7	0.8
54.0	72.0	45.0	51.3	49.5	62.8
1,193	802	2,306	2,048	1,679	1,674
1,407	1,339	1,441	1,342	1,430	817
**	125	110	120	126	134
196	170	125	104	48	134
4,379	4,465	4,645	4,736	4,783	4,884
60	75	57	85	78	64
3.78	3.58	2.77	3.62	3.78	3.85
52,326	56,425	55,143	55,982	57,082	57,913
930	506	774	737	749	640
431	400	473	457	485	546
95	91	119	106	96	80
1,081	829	1,188	1,359	1,565	1,898
90	104	52	60	66	70
18	10	22	23	21	29
1,032	461	958	1,046	1,112	1,707
3,425	3,773	3,916	3,940	4,540	4,526
52,487	50,598	51,377	51,592	47,095	46,815
3,999	3,595	3,916	3,763	4,039	2,938
1,565	1,563	1,673	1,629	1,890	1,081
**	**	**	**	**	2,249

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

Function	Fiscal Year			
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Public safety				
Police:				
Stations	1	1	1	1
Patrol units	27	30	30	33
Fire stations	1	1	1	1
Highways and streets				
Streets - paved (miles)	26.00	26.00	44.05	44.05
Streets - unpaved (miles)	15.00	15.00	6.60	6.60
Street lights	*	*	*	*
Traffic Signals	8	8	8	8
Culture and recreation				
Park acreage	35	35	39	39
Parks	7	7	8	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	95.8	97.1
Fire hydrants	303	303	502	565
Maximum daily capacity (millions of gallons)	4.36	4.36	4.84	4.84
Sewer				
Sanitary sewers (miles)	9.00	9.00	19.30	19.30
Storm sewers (miles)	*	*	*	*

Source: City of Lake Mary Departmental Monthly Reports

Notes

* Information not available

Fiscal Year						
<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	
1	1	1	1	1	1	1
33	34	36	37	39	39	39
1	1	1	1	1	1	2
44.05	47.23	47.23	50.38	50.38	54.10	54.10
6.60	3.42	3.42	3.42	3.42	2.67	2.67
*	*	893	917	920	920	920
8	8	8	8	10	10	10
39	39	39	39	39	39	39
8	8	8	8	8	8	8
2	9	9	9	9	9	9
1	1	1	1	2	2	2
1	1	1	1	1	1	1
97.9	101.0	101.0	102.6	103.0	108.6	108.6
565	595	595	612	716	823	823
4.84	12.96	12.96	12.96	12.96	12.96	12.96
19.30	21.30	28.30	30.00	30.00	35.80	35.80
*	*	36.62	37.29	46.00	53.00	53.00

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	
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%
2006	552,347	602,037	179,821	30,101	46,309	13,957	14.9%

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	
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%
2006	355,869	538,717	19,875	935	31,939	10,850	12.4%

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, 2006, and have issued our report thereon dated December 8, 2006. 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 8, 2006

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MANAGEMENT LETTER

Honorable Mayor and City Commission
City of Lake Mary, Florida

We have audited the financial statements of the City of Lake Mary, Florida, as of and for the fiscal year ended September 30, 2006, and have issued our report thereon dated December 8, 2006.

We conducted our audit in accordance with United States generally accepted auditing standards, and *Government Auditing Standards* issued by the comptroller General of the United States. We have issued our Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated December 8, 2006 should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

The Rules of the Auditor General (Section 10.554(1)(h)1.) require that we address in the management letter, if not already addressed in the auditor's report on compliance and internal controls whether or not recommendations made in the preceding annual financial audit report have been followed. There were no recommendations made in the preceding annual financial audit report.

As required by the Rules of the Auditor General (Section 10.554(1)(h)2.), the scope of our audit included a review of the provisions of Section 218.415., Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City of Lake Mary, Florida complied with Section 218.415, Florida Statutes.

The Rules of the Auditor General (Section 10.554(1)(h)3.) require that we address in the management letter any findings and recommendations to improve financial management, accounting procedures, and internal controls. In connection with our audit, we did not have any such findings.

The Rules of the Auditor General (Section 10.554(1)(h)4.) require disclosure in the management letter of the following matters if not already addressed in the auditor's reports on compliance and internal controls and are not clearly in consequential: (1) violations of laws, rules, regulations, and contractual provisions that have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. Our audit disclosed no matters required to be disclosed by Rules of Auditor General (Section 10. 554(1)(h)4.

The Rules of the Auditor General (Section 10.554(1)(h)5.) also require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. This information has been disclosed in the notes to the financial statements.

As required by the Rules of the Auditor General (Section 10.554(1)(h)6.a.), a statement must be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes. In connection with our audit, we determined that the City of Lake Mary, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

As required by the Rules of the Auditor General (Section 10.554(1)(h)6.b.), we determined that the annual financial report for the City of Lake Mary, Florida for the fiscal year ended September 30, 2006, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2006.

As required by the Rules of the Auditor General (Sections 10.554(h)6.c. and 10.556(7), we applied financial assessment procedures. It is management's responsibility to monitor the entity's financial conditions, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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 these specified parties.

McDiarmid Davis & Company, LLC

December 8, 2006

City of Lake Mary

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City Manager

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AFFIDAVIT OF IMPACT FEE COMPLIANCE

Impact Fees are assessed in accordance with Chapter 150 of the City of Lake Mary Code of Ordinances. Impact fee collections, expenditures and accounting are provided for in separate accounting funds and comply with Florida Statute 163.31801.

Jacqueline B. Sova

Jacqueline B. Sova
Finance Director