

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
of the  
CITY OF LAKE MARY  
FLORIDA  
FISCAL YEAR ENDED  
September 30, 2007**



PREPARED BY THE  
FINANCE DEPARTMENT



**CITY OF LAKE MARY, FLORIDA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**  
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# *City of Lake Mary*

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**John C. Litton**  
City Manager

March 31, 2008

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, 2007. 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, 2007, 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, 2007, 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 14,288. 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 2007 issue of CNN/Money Magazine as the U.S. 4<sup>th</sup> best place to live, and the best of the south, 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 2006 and 2007 depicts an increase in property tax revenues showing the combined effect to the tax rolls the addition of new properties valued at \$109,999,823 and an increase in the valuation of existing properties of \$240,298,195. Decreases in licenses and permits as well as impact fees reflect a one-time surge in revenues in FY2006 for construction permits issued for 2 condominium communities and the start of an overall economic downturn in the housing sector during much of FY2007. Investment earnings increased as a result of an overall improvement in the investment market environment during the year and the investment of \$5,000,000 in bond proceeds.

### Revenue Trends

(amounts shown in the thousands)

	2006	Total	2007	Total	Increase / (Decrease)	% Increase / (Decrease)
<b>Revenues</b>						
Property taxes	\$	6,534	\$	7,687	\$ 1,153	0.18
Franchise and utility taxes		6,001		6,224	223	0.04
Licenses/Permits		1,386		787	(599)	(0.43)
Intergovernmental		2,051		2,113	62	0.03
Charges for services		654		648	(6)	(0.01)
Impact fees/assessments		286		80	(206)	(0.72)
Fines and forfeitures		179		182	3	0.02
Investment earnings		720		1,159	439	0.61
Miscellaneous		174		158	(16)	(0.09)
Total Revenue	\$	17,985	\$	19,038	\$ 1,053	

Comparing expenditure trends between the last two fiscal years as shown below, capital outlay increased by some 405% due to ongoing construction of the new Lake Mary Events Center, and the splash pad and playground at Trailblazers Park. Additional funding for the senior center and the expiration of a grant for program enhancements increased Parks and recreation costs by some 10%. A 56% increase in Public works expenditures is due to contract timing issues creating the need for two years of annual road resurfacing being completed in FY2007 at a cost of \$384,573 while no resurfacing was accomplished in the prior year.

### Expenditure Trends

(amounts shown in the thousands)

	2006 Total	2007 Total	Increase / (Decrease)	% Increase / (Decrease)
<b>Expenditures</b>				
General government	\$ 2,318	\$ 2,554	\$ 236	10%
Public works	741	1,157	416	56%
Public safety	9,040	10,221	1,181	13%
Parks and recreation	1,622	1,777	155	10%
Capital outlay	958	4,836	3,878	405%
Debt service	1,256	1,126	(130)	-10%
Total Expenditures	\$ 15,935	\$ 21,671	\$ 5,736	

### 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 2<sup>nd</sup> 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, 2006. This is the fifteenth 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, 2006

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.



*Charles S. Cox*

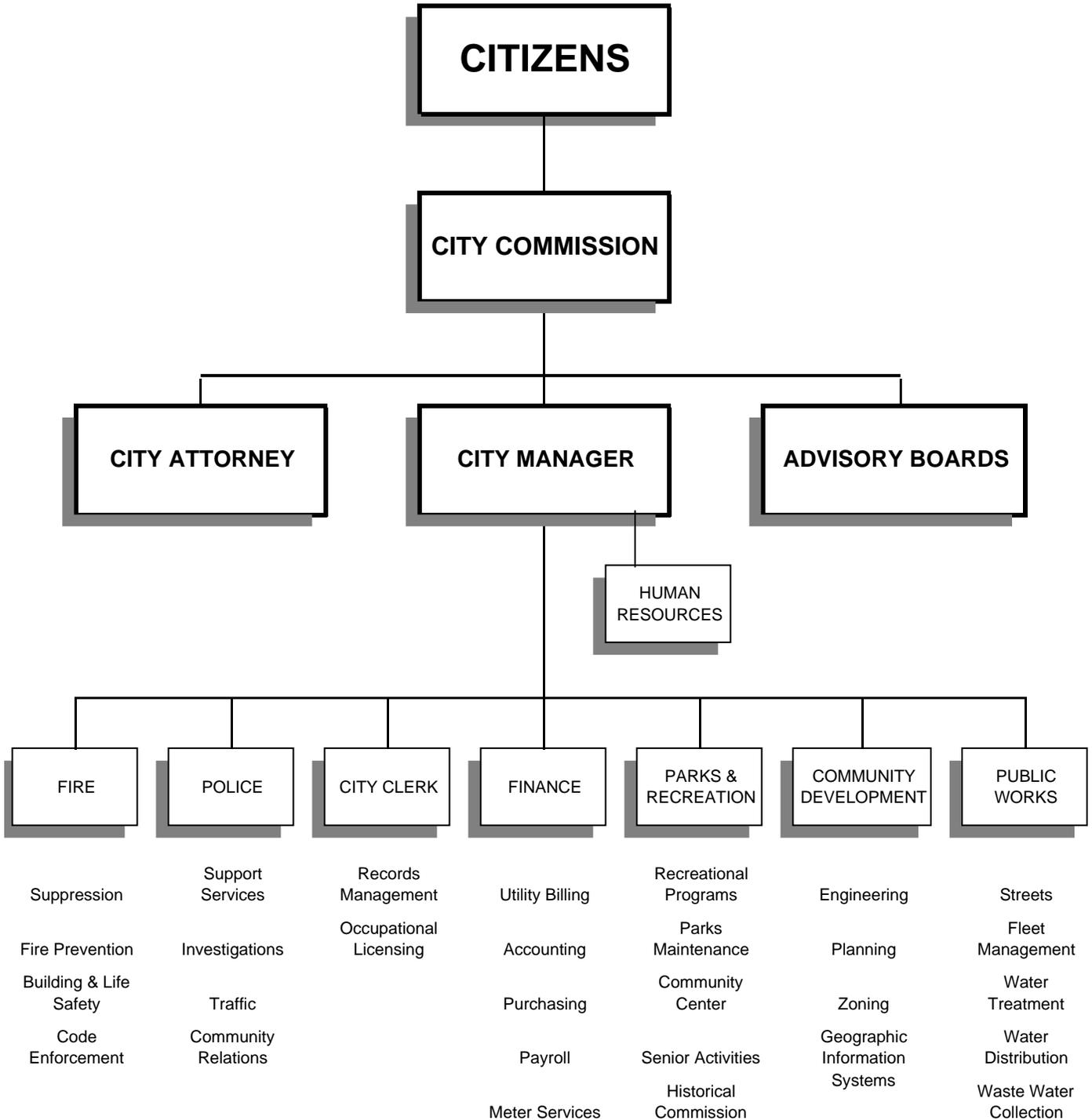
President

*Jeffrey R. Emer*

Executive Director

# CITY OF LAKE MARY, FLORIDA

## ORGANIZATIONAL CHART



**CITY OF LAKE MARY, FLORIDA  
PRINCIPAL CITY OFFICIALS  
SEPTEMBER 30, 2007**

**CITY COMMISSION**

Thomas C. Greene, Mayor

George F. Duryea, Deputy Mayor  
Janet M. Jernigan

Gary L. Brender  
Shirley Gray

**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**  
Steve Bracknell

**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 Commissioners  
*City of 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, 2007, 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 respective 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, 2007 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.

MCDIRMIT DAVIS & COMPANY, LLC  
605 E. ROBINSON STREET, SUITE 635 • ORLANDO, FLORIDA 32801  
TELEPHONE 407-843-5406 • FAX 407-649-9339 • EMAIL: [INFO@MCDIRMITDAVIS.COM](mailto:INFO@MCDIRMITDAVIS.COM)

In accordance with *Government Auditing Standards*, we have also issued a report dated April 8, 2008 on our consideration of the *City of Lake Mary, Florida's* internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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, Florida 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 statements. 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 statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*McDiarmid Davis & Company, LLC*

April 8, 2008

**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2007**

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, 2007. 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, 2007 by \$84,773,069 (net assets). Of this amount, \$23,293,990 (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 \$18,904,645 (or (28.7%) due primarily to the restatement and reporting of infrastructure assets. Governmental total net assets increased by \$17,803,826 or (52.2%), including \$15,443,769 reported as infrastructure restatement. Business-type activities increased by \$1,100,819 (or 3.5%).
- As of the close of the current fiscal year, the City of Lake Mary's governmental funds reported combined ending fund balances of \$18,752,893, an increase of \$3,024,351 in comparison with the prior year. Approximately 61% of this amount, or \$11,436,020, 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 \$10,510,171, or 37.8% of total expenditures and transfers out.
- Net Assets of the Police Officers' and Firefighters' Pension Trust Funds increased by \$1,608,833 and \$1,228,959 respectively.

**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 addition 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, 2007**

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, 2007**

**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 \$84,773,069 at the close of fiscal year ended September 30, 2007. At the end of fiscal year 2007, 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	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 22,365,170	\$ 18,174,266	\$ 11,132,544	\$ 11,470,268	\$ 33,497,714	\$ 29,644,534
Restricted assets	-	-	3,004,162	2,725,362	3,004,162	2,725,362
Capital assets	43,606,606	24,918,911	19,595,205	18,365,483	63,201,811	43,284,394
Total assets	<u>65,971,776</u>	<u>43,093,177</u>	<u>33,731,911</u>	<u>32,561,113</u>	<u>99,703,687</u>	<u>75,654,290</u>
Current liabilities	1,723,326	907,240	519,110	485,390	2,242,436	1,392,630
Long term liabilities outstanding	12,338,165	8,079,468	300,483	270,490	12,638,648	8,349,958
Other liabilities	-	-	49,534	43,268	49,534	43,268
Total liabilities	<u>14,061,491</u>	<u>8,986,708</u>	<u>869,127</u>	<u>799,148</u>	<u>14,930,618</u>	<u>9,785,856</u>
Net assets invested in capital assets, net of related debt	32,196,606	17,683,911	19,595,205	18,365,483	51,791,811	36,049,394
Net assets restricted for capital improvement	6,983,589	2,266,169	2,703,679	2,454,872	9,687,268	4,721,041
Unrestricted net assets	12,730,090	14,156,379	10,563,900	10,941,610	23,293,990	25,097,989
Total net assets	<u>\$ 51,910,285</u>	<u>\$ 34,106,459</u>	<u>\$ 32,862,784</u>	<u>\$ 31,761,965</u>	<u>\$ 84,773,069</u>	<u>\$ 65,868,424</u>

The largest portion of the City's net assets \$51,791,811 or 61.1% 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. The net asset to capital asset ratio was 54.7% in the prior year. Major capital projects for the current year include the design and initial construction of the new events center, at \$3,105,093, as construction in progress, completion of the Lake Mary Woods Sewer retrofit project for a total of \$3,674,393, and completion of lift station telemetry for a total of \$334,837. It should be noted that in accordance with GASB 34, the City has now included all infrastructure assets within the government wide statement of net assets. An additional portion of the City's net assets (11.4%) represents resources that are subject to external restrictions on how

**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2007**

they may be used. Assets restricted for capital improvements include the Capital Projects Fund for various public improvement projects in progress as well as customer deposits and unspent impact fees in the Water and Sewer Fund.

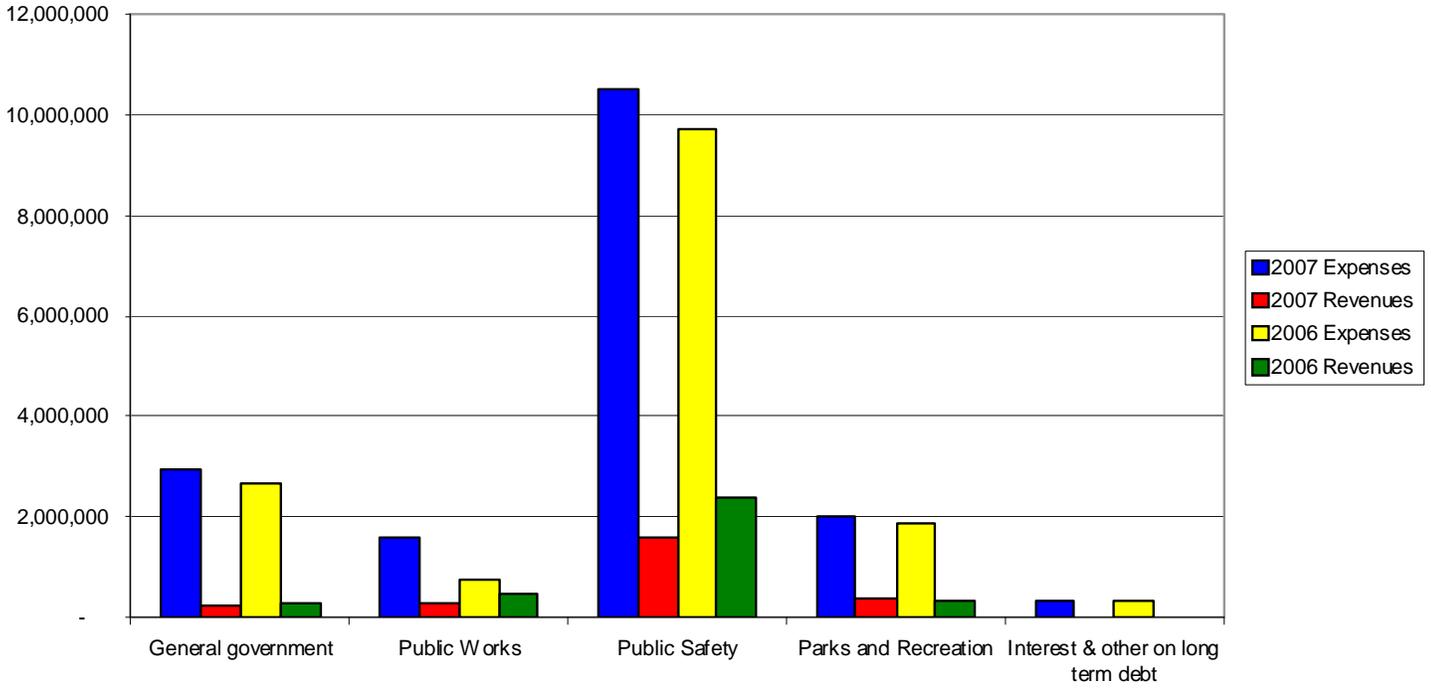
Unrestricted net assets for governmental activities decreased by \$1,426,289, due to the increases in funding for capital projects which are classified as restricted for capital improvement. Unrestricted net assets decreased for business-type activities by \$377,710, due to the addition of capital assets, discussed previously.

Changes In Net Assets  
For the Year Ended September 30,

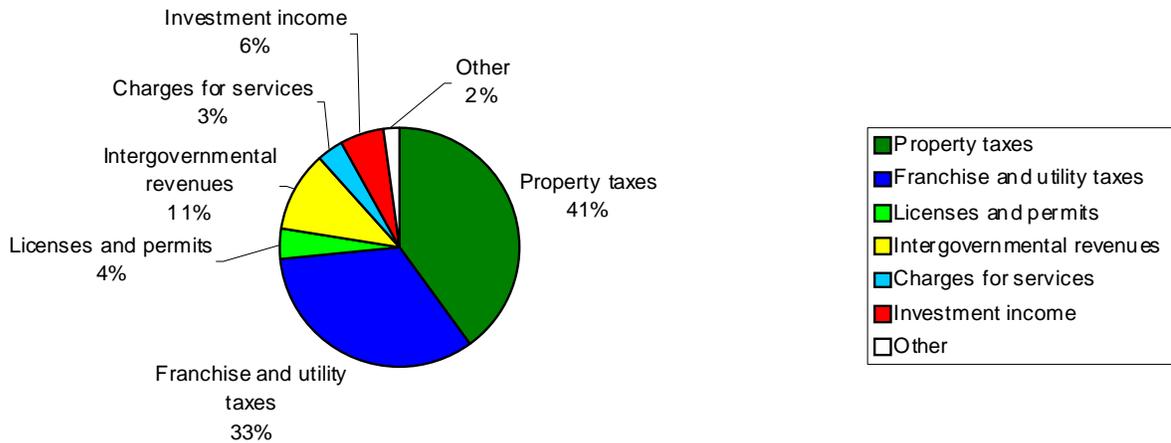
	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 1,710,335	\$ 2,517,695	\$ 4,097,908	\$ 4,045,184	\$ 5,808,243	\$ 6,562,879
Operating grants and contributions	654,199	763,535	-	-	654,199	763,535
Capital grants and contributions	181,539	248,716	248,808	304,819	430,347	553,535
General revenues:						
Property taxes	7,686,715	6,534,074	-	-	7,686,715	6,534,074
Other taxes	6,224,450	6,000,975	-	-	6,224,450	6,000,975
Other revenues	2,581,051	2,276,795	685,153	848,519	3,266,204	3,125,314
Total revenues	<u>19,038,289</u>	<u>18,341,790</u>	<u>5,031,869</u>	<u>5,198,522</u>	<u>24,070,158</u>	<u>23,540,312</u>
Expenses:						
General government	2,932,496	2,687,491	-	-	2,932,496	2,687,491
Public works	1,619,938	773,135	-	-	1,619,938	773,135
Public safety	10,536,736	9,725,096	-	-	10,536,736	9,725,096
Parks and recreation	2,019,939	1,857,023	-	-	2,019,939	1,857,023
Interest and other on long term debt	294,123	317,927	-	-	294,123	317,927
Water and sewer	-	-	2,899,517	2,519,540	2,899,517	2,519,540
Stormwater	-	-	306,533	281,694	306,533	281,694
Total expenses	<u>17,403,232</u>	<u>15,360,672</u>	<u>3,206,050</u>	<u>2,801,234</u>	<u>20,609,282</u>	<u>18,161,906</u>
Increase (decrease) in net assets before transfers	<u>1,635,057</u>	<u>2,981,118</u>	<u>1,825,819</u>	<u>2,397,288</u>	<u>3,460,876</u>	<u>5,378,406</u>
Transfers	<u>725,000</u>	<u>655,000</u>	<u>(725,000)</u>	<u>(655,000)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	<u>2,360,057</u>	<u>3,636,118</u>	<u>1,100,819</u>	<u>1,742,288</u>	<u>3,460,876</u>	<u>5,378,406</u>
Prior period adjustment	<u>-</u>	<u>(1,838,555)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,838,555)</u>
Net assets - October 1	<u>34,106,459</u>	<u>32,308,896</u>	<u>31,761,965</u>	<u>30,019,677</u>	<u>65,868,424</u>	<u>62,328,573</u>
Reporting of infrastructure	<u>15,443,769</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,443,769</u>	<u>-</u>
Net assets - September 30	<u>\$ 51,910,285</u>	<u>\$ 34,106,459</u>	<u>\$ 32,862,784</u>	<u>\$ 31,761,965</u>	<u>\$ 84,773,069</u>	<u>\$ 65,868,424</u>

# CITY OF LAKE MARY, FLORIDA MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2007

**Governmental Program Expenses vs. Program Revenues**

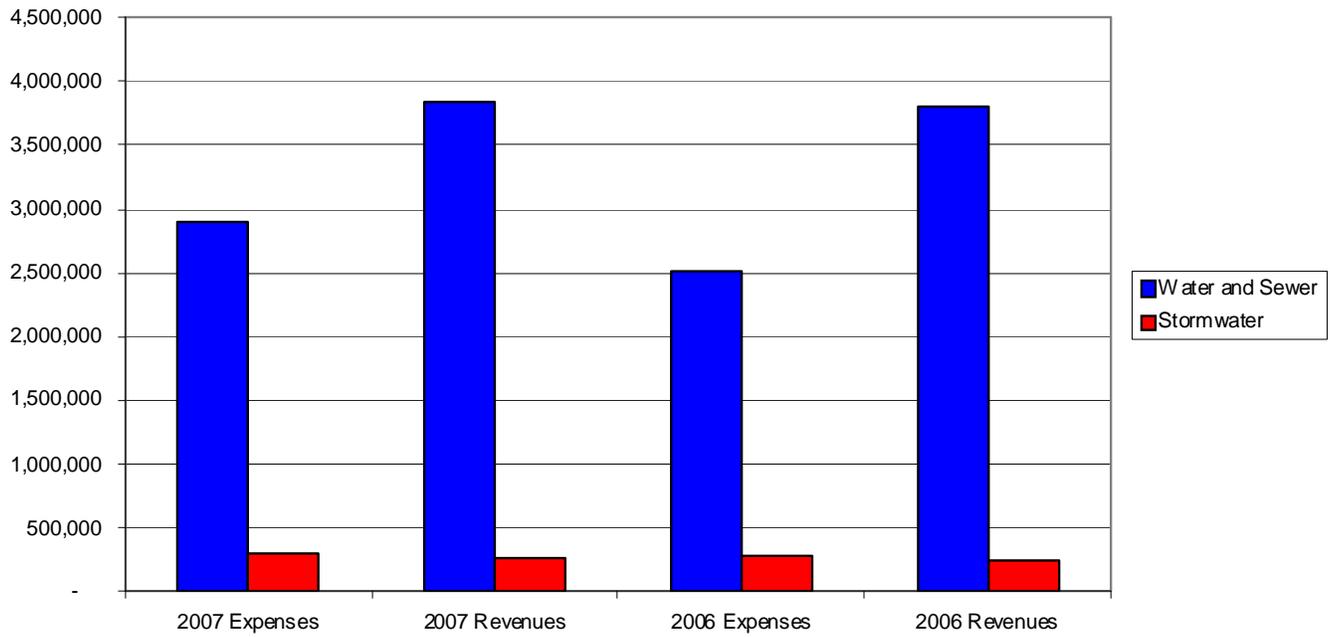


**Governmental Revenues by Source**

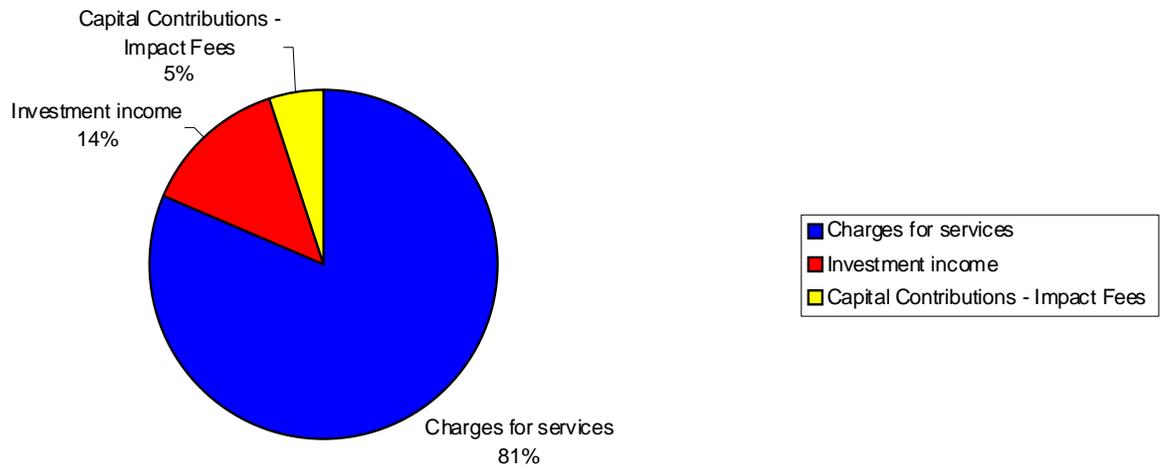


**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2007**

**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, 2007**

**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, 2007, the City's governmental funds reported combined ending fund balances of \$18,752,893, an increase of \$3,024,351 in comparison with the prior year. The most significant reason is the issuance of \$5,000,000 of debt for the design and construction of the new events center. Approximately 63.98 percent of fund balance, or \$11,436,020 constitutes unreserved fund balance, which is available for spending at the City's discretion. The remainder of fund balance, \$7,316,873, 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 primary operating fund of the City. At September 30, 2007, the unreserved fund balance of the General Fund was \$10,510,171 while the total fund balance was \$10,517,181. 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 69.84 percent of total General Fund expenditures, while total fund balance represents 69.89 percent of that same amount.

The fund balance of the City's General Fund decreased \$1,879,216 during the fiscal year. The most significant reason for this planned reduction in fund balance is the transfer to the capital projects fund for downtown land acquisition and costs related to the events center not included in the debt issuance for the facility.

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

	2007	2006
REVENUES		
Taxes	\$ 13,911,165	\$ 12,535,049
Licenses and permits	786,563	1,386,302
Intergovernmental revenues	2,113,072	2,407,663
Charges for services/fines	830,033	833,053
Impact fees/assessments	80,268	285,547
Investment and other income	1,317,188	894,176
Total revenues	19,038,289	18,341,790
EXPENDITURES		
General government	3,582,811	2,410,521
Public works	1,173,819	886,535
Public safety	10,441,418	9,949,373
Parks and recreation	5,347,615	1,789,956
Debt service	1,125,775	1,255,667
Total expenditures	21,671,438	16,292,052
Excess(deficiency) of revenues over(under) expenditures	(2,633,149)	2,049,738
OTHER FINANCING SOURCES (USES)		
Transfers in	6,797,402	2,991,907
Transfers out	(6,094,902)	(2,359,407)
Net Bonds issued	4,955,000	-
Total other financing source (use)	5,657,500	632,500
Net change in fund balances	3,024,351	2,682,238
Fund balances - beginning	15,728,542	13,046,304
Fund balances - end	\$ 18,752,893	\$ 15,728,542

**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2007**

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 \$4,717,420 due to the issuance of \$5,000,000 of debt for the events center construction.

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

At September 30, 2007, unrestricted net assets of the Water and Sewer Fund amounted to \$9,878,296, unrestricted net assets of the Stormwater Utility Fund were \$685,604, and net assets restricted for capital improvement in the Water and Sewer Fund were \$2,703,679.

**General Fund Budgetary Highlights**

Final amended General Fund appropriations were \$16,263,762, and actual expenditures (budgetary basis) \$14,726,647. General Fund anticipated revenues increased by \$22,425 from the original budget, an increase of 1.1 percent. The significant budgetary changes are summarized by the following:

- \$16,726 increase to Intergovernmental revenues to account for the additional federal and state grant funding
- \$3,480,000 increase transfers to the Capital Projects Fund for the new events center at \$950,000 and downtown land acquisition \$2,530,000
- \$5,699 increase to miscellaneous revenue
- \$74,750 increase to fund the costs associated with a fire assessment fee study
- (\$199,041) decrease as an annual reallocation from general government administration to fund salary adjustments as a result of the pay and classification study
- \$81,306 increase in wages and other personnel costs Public Safety – Police
- \$295,954 increase in wages and other personnel costs Public Safety – Fire

Actual expenditures were less than amended appropriations by \$1,537,115, a variance of 9.4 percent, a normal percentage difference.

Transfers to other funds were:

- \$4,537,068 to the Capital Projects
- \$1,457,084 to Debt Service Funds

**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2007**

**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, 2007, amounts to \$63,201,811 (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 \$19,917,417 of which \$15,443,769 represents a restatement to include infrastructure.

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 was available before the requirement to record and depreciate infrastructure assets (e.g. roads, bridges, sidewalks and similar items) acquired before the implementation date became effective. The City implemented 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 assets completed during the current fiscal year included the following:

Completion of the retrofit sewer lines for Lake Mary Woods. Costs added for current year of \$737,151 for a total of \$3,674,393

The lift station telemetry system current year cost of \$184,483 for a total cost of \$334,837

Purchase of a document imaging system hardware and software \$83,800

Purchase of an interactive voice response system for Building Permits \$48,200

Playground equipment purchases of \$54,810

Completion of the waterline replacement at E. Wilbur for a total cost of \$70,791

Replacement vehicles \$498,837

Cold mix paving totaling \$191,851

Major capital assets included in Construction in Progress:

Construction of Phase I of the downtown sanitary sewer system, current cost of \$589,537

Initial construction costs of the Lake Mary Events Center for \$3,105,093

Playground and Splash Pad at Trailblazer Park with a current cost of \$491,271

Waterline replacements at Seminole Ave, Country Club, current costs of \$49,854

**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2007**

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

	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 6,701,435	\$ 4,658,543	\$ 39,548	\$ 39,548	\$ 6,740,983	\$ 4,698,091
Buildings	13,945,003	14,662,823	224,200	236,000	14,169,203	14,898,823
Improvements other than building	1,593,767	1,790,543	-	-	1,593,767	1,790,543
Water/sewer system	-	-	16,451,342	12,701,699	16,451,342	12,701,699
Stormwater system	-	-	1,975,355	1,966,153	1,975,355	1,966,153
Machinery and equipment	701,522	622,742	139,714	73,415	841,236	696,157
Vehicles	1,816,143	1,812,120	-	-	1,816,143	1,812,120
Infrastructure	14,362,059	1,162,287	-	-	14,362,059	1,162,287
Construction in progress	4,486,677	209,853	765,046	3,348,668	5,251,723	3,558,521
Total	<u>\$ 43,606,606</u>	<u>\$ 24,918,911</u>	<u>\$ 19,595,205</u>	<u>\$ 18,365,483</u>	<u>\$ 63,201,811</u>	<u>\$ 43,284,394</u>

Additional information on the City's capital assets can be found in Note 6 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 \$11,410,000, which consists of bonds payable. Business-type activities have no outstanding debt.

Long Term Debt  
As of September 30,

	Governmental activities	
	2007	2006
PIRRB 2003	\$ 4,305,000	\$ 5,085,000
PIRRB 2007	7,105,000	-
PIRB 1996	-	2,150,000
Total	<u>\$ 11,410,000</u>	<u>\$ 7,235,000</u>

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, 2007 was 4.0 percent, a increase of 0.9 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.

**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2007**

The taxable value of real and personal property increased 17.8 percent and 9.8 percent in fiscal year 2007.

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. Legislation adopted by the State of Florida presented the city the requirement to lower taxes for its citizens by 5% or 3.5797 mills for fiscal year 2008. The intent of the legislation was to provide tax relief from the increased valuations caused by the recent economic boom when the City's tax base grew at a rapid pace. The current economic environment has rapidly changed into a downturn which is affecting valuations and will in turn affect ad valorem tax collections. Building permit activity has also been affected by the current economy and has created the need to address increasing permit fees for FY 2008.

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 Events Center at the north end of the district. Included in economic development plans for continuing to attract high quality businesses to our area are opportunities for participation in incentive programs with the State of Florida and Seminole County.

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, 2007**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 17,888,402	\$ 7,122,084	\$ 25,010,486
Investments	3,164,782	2,776,908	5,941,690
Interest receivable	56,761	34,277	91,038
Accounts receivable (net of allowance for uncollectibles)	539,765	357,122	896,887
Due from other governmental units	586,033	-	586,033
Unbilled service charges	-	104,030	104,030
Special assessments - current	2,858	61,021	63,879
Inventories	59,247	37,548	96,795
Prepaid items	2,110	169,001	171,111
Bond Issuance Costs	65,212	-	65,212
Restricted assets:			
Temporarily Restricted:			
Investments	-	3,004,162	3,004,162
Special assessments noncurrent	-	359,655	359,655
Unamortized sewer capacity	-	110,898	110,898
Capital assets not being depreciated:			
Land	6,701,435	39,548	6,740,983
Construction in progress	4,486,677	765,046	5,251,723
Capital assets net of accumulated depreciation:			
Buildings	13,945,003	224,200	14,169,203
Improvements other than buildings	1,593,767	-	1,593,767
Water/sewer system	-	16,451,342	16,451,342
Stormwater system	-	1,975,355	1,975,355
Machinery and equipment	701,522	139,714	841,236
Vehicles	1,816,143	-	1,816,143
Infrastructure	14,362,059	-	14,362,059
Total Assets	<u>65,971,776</u>	<u>33,731,911</u>	<u>99,703,687</u>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	1,635,284	386,907	2,022,191
Unearned revenue	88,042	132,203	220,245
Noncurrent liabilities:			
Liabilities payable from restricted assets	-	300,483	300,483
Due within one year	917,238	3,963	921,201
Due in more than one year	11,420,927	45,571	11,466,498
Total Liabilities	<u>14,061,491</u>	<u>869,127</u>	<u>14,930,618</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	32,196,606	19,595,205	51,791,811
Restricted for capital improvement	6,983,589	2,703,679	9,687,268
Unrestricted	12,730,090	10,563,900	23,293,990
Total net assets	<u>\$ 51,910,285</u>	<u>\$ 32,862,784</u>	<u>\$ 84,773,069</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, 2007**

Functions/Programs	Program Revenues				Net (Expense) Revenue Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Government activities:							
General government	\$ 2,932,496	\$ 243,471	\$ 6,972	\$ -	\$ (2,682,053)	\$ -	\$ (2,682,053)
Public works	1,619,938	4,687	278,368	16,789	(1,320,094)	-	(1,320,094)
Public safety	10,536,736	1,255,212	331,579	14,750	(8,935,195)	-	(8,935,195)
Parks and recreation	2,019,939	206,965	37,280	150,000	(1,625,694)	-	(1,625,694)
Interest & other fiscal charges on long-term debt	294,123	-	-	-	(294,123)	-	(294,123)
Total governmental activities	<u>17,403,232</u>	<u>1,710,335</u>	<u>654,199</u>	<u>181,539</u>	<u>(14,857,159)</u>	<u>-</u>	<u>(14,857,159)</u>
Business-type activities:							
Water and Sewer	2,899,517	3,835,242	-	248,808	-	1,184,533	1,184,533
Stormwater	306,533	262,666	-	-	-	(43,867)	(43,867)
Total business-type activities	<u>3,206,050</u>	<u>4,097,908</u>	<u>-</u>	<u>248,808</u>	<u>-</u>	<u>1,140,666</u>	<u>1,140,666</u>
Total primary government	<u>\$ 20,609,282</u>	<u>\$ 5,808,243</u>	<u>\$ 654,199</u>	<u>\$ 430,347</u>	<u>(14,857,159)</u>	<u>1,140,666</u>	<u>(13,716,493)</u>
General revenues:							
Property taxes					7,686,715	-	7,686,715
Franchise & utility taxes					6,224,450	-	6,224,450
Unrestricted intergovernmental revenues					1,263,863	-	1,263,863
Unrestricted investment earnings					1,159,318	685,153	1,844,471
Gain on sale of capital assets					27,628	-	27,628
Miscellaneous revenues					130,242	-	130,242
Transfers					725,000	(725,000)	-
Total general revenues and transfers					<u>17,217,216</u>	<u>(39,847)</u>	<u>17,177,369</u>
Change in net assets					<u>2,360,057</u>	<u>1,100,819</u>	<u>3,460,876</u>
Net assets - beginning					<u>34,106,459</u>	<u>31,761,965</u>	<u>65,868,424</u>
Reporting of infrastructure assets (net)					<u>15,443,769</u>	<u>-</u>	<u>15,443,769</u>
Net assets - ending					<u>\$ 51,910,285</u>	<u>\$ 32,862,784</u>	<u>\$ 84,773,069</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, 2007**

	General Fund	General Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 7,963,550	\$ 7,728,602	\$ 795,763	\$ 16,487,915
Investments	2,173,019	124,287	490,708	2,788,014
Interest receivable	28,292	21,128	2,575	51,995
Receivables (net of allowance for uncollectibles)	538,867	-	898	539,765
Due from other governments	432,910	153,123	-	586,033
Special assessments-current	-	-	2,858	2,858
Inventories	6,560	-	-	6,560
Prepaid items	450	-	1,660	2,110
Total Assets	<u>\$ 11,143,648</u>	<u>\$ 8,027,140</u>	<u>\$ 1,294,462</u>	<u>\$ 20,465,250</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 313,552	\$ 764,409	\$ 42,339	\$ 1,120,300
Accrued liabilities	193,221	-	-	193,221
Retainage payable	-	279,142	-	279,142
Due to other governments	5,430	-	-	5,430
Unearned revenue	88,042	-	-	88,042
Other liabilities	26,222	-	-	26,222
Total Liabilities	<u>626,467</u>	<u>1,043,551</u>	<u>42,339</u>	<u>1,712,357</u>
<b>FUND BALANCES</b>				
Reserved for:				
Inventories	6,560	-	-	6,560
Prepaid items	450	-	-	450
Debt service	-	-	326,274	326,274
Capital projects	-	6,983,589	-	6,983,589
Unreserved reported in:				
General fund	10,510,171	-	-	10,510,171
Special revenue funds	-	-	925,849	925,849
Total fund balances	<u>10,517,181</u>	<u>6,983,589</u>	<u>1,252,123</u>	<u>18,752,893</u>
Total liabilities and fund balances	<u>\$ 11,143,648</u>	<u>\$ 8,027,140</u>	<u>\$ 1,294,462</u>	<u>\$ 20,465,250</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, 2007**

---

Total governmental funds fund balance \$ 18,752,893

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 41,790,463

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. 3,611,902

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

Total issuance cost 2003	\$ 22,600	
Less: amortization over 10 years (yr 5)	(11,300)	11,300
Total issuance cost 2007	56,750	
Less: amortization over 20 years (yr 1)	<u>(2,838)</u>	53,912

The noncurrent portion of compensated absences is not due and payable in the current period and therefore, is not reported in the funds (900,185)

The long-term portion of bonds payable is not due and payable in the current period, and therefore, is not reported in the funds (10,495,000)

The current portion of bonds payable is not recorded as a liability in governmental funds balance sheet (915,000)

Net assets of governmental activities \$ 51,910,285

**City of Lake Mary, Florida**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**All Governmental Fund Types**  
**For the Year Ended September 30, 2007**

	General Fund	General Capital Projects	Other Government Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes:				
Property	\$ 7,686,715	\$ -	\$ -	\$ 7,686,715
Franchise and utility taxes	6,224,450	-	-	6,224,450
Licenses and permits	786,563	-	-	786,563
Intergovernmental revenues	1,625,276	166,789	321,007	2,113,072
Charges for services	648,052	-	-	648,052
Impact fees/assessments	-	-	80,268	80,268
Fines and forfeitures	142,553	-	39,428	181,981
Investment income	805,535	303,092	50,691	1,159,318
Other	119,189	38,681	-	157,870
Total revenues	<u>18,038,333</u>	<u>508,562</u>	<u>491,394</u>	<u>19,038,289</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,480,335	74,075	-	2,554,410
Public works	718,615	438,047	-	1,156,662
Public safety	9,764,010	79,288	378,077	10,221,375
Parks and recreation	1,725,433	52,004	-	1,777,437
Debt service:				
Principal	-	-	780,000	780,000
Interest and other fiscal charges	-	-	289,025	289,025
Bond issuance costs	-	-	56,750	56,750
Capital outlay:				
General government	-	1,028,401	-	1,028,401
Public works	-	17,157	-	17,157
Public safety	31,050	76,264	112,729	220,043
Parks and recreation	7,204	3,562,974	-	3,570,178
Total expenditures	<u>14,726,647</u>	<u>5,328,210</u>	<u>1,616,581</u>	<u>21,671,438</u>
Excess(deficiency) of revenues over(under) expenditures	<u>3,311,686</u>	<u>(4,819,648)</u>	<u>(1,125,187)</u>	<u>(2,633,149)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	803,250	4,537,068	1,457,084	6,797,402
Transfers out	(5,994,152)	-	(100,750)	(6,094,902)
Bonds issued	-	5,000,000	2,105,000	7,105,000
Bond refundings	-	-	(2,150,000)	(2,150,000)
Total other financing sources (uses)	<u>(5,190,902)</u>	<u>9,537,068</u>	<u>1,311,334</u>	<u>5,657,500</u>
Net change in fund balances	<u>(1,879,216)</u>	<u>4,717,420</u>	<u>186,147</u>	<u>3,024,351</u>
Fund balances - beginning	<u>12,396,397</u>	<u>2,266,169</u>	<u>1,065,976</u>	<u>15,728,542</u>
Fund balances - end	<u>\$ 10,517,181</u>	<u>\$ 6,983,589</u>	<u>\$ 1,252,123</u>	<u>\$ 18,752,893</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, 2007**

---

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

Net change in fund balances -- total governmental funds \$ 3,024,351

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

	Expenditure for capital assets	\$ 4,835,779	
	Current year depreciation	<u>(1,484,992)</u>	3,350,787

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of term debt consumes the current financial resources of governmental funds. However, neither transaction has any effect on net assets.

	Bond Proceeds	(7,105,000)	
	Bond Refunding	<u>2,150,000</u>	(4,955,000)

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

	Principal Payments	780,000	
	Bond Issuance costs	56,750	
	Issuance Costs allocated expense	(2,260)	
	Issuance Costs allocated expense	<u>(2,838)</u>	831,652

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. 187,993

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. (79,726)

Change in net assets of governmental activities (page 28) \$ 2,360,057

**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, 2007**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes:				
Property	\$ 7,594,444	\$ 7,594,444	\$ 7,686,715	\$ 92,271
Franchise and utility taxes	5,905,522	5,905,522	6,224,450	318,928
Licenses and permits	915,000	915,000	786,563	(128,437)
Intergovernmental revenues	1,793,429	1,810,155	1,625,276	(184,879)
Charges for services	526,100	526,100	648,052	121,952
Fines and forfeitures	170,200	170,200	142,553	(27,647)
Investment income	340,500	340,500	805,535	465,035
Other	45,000	50,699	119,189	68,490
Total revenues	<u>17,290,195</u>	<u>17,312,620</u>	<u>18,038,333</u>	<u>725,713</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,198,149	3,165,275	2,480,335	684,940
Public works	822,394	828,799	718,615	110,184
Public safety	10,036,421	10,413,681	9,795,060	618,621
Parks and recreation	1,822,329	1,856,007	1,732,637	123,370
Total expenditures	<u>15,879,293</u>	<u>16,263,762</u>	<u>14,726,647</u>	<u>1,537,115</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>1,410,902</u>	<u>1,048,858</u>	<u>3,311,686</u>	<u>2,262,828</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	803,250	803,250	803,250	-
Transfers out	(2,514,152)	(5,994,152)	(5,994,152)	-
Total other financing sources and uses	<u>(1,710,902)</u>	<u>(5,190,902)</u>	<u>(5,190,902)</u>	<u>-</u>
Net change in fund balances	(300,000)	(4,142,044)	(1,879,216)	2,262,828
Fund Balances at Beginning of Year	<u>12,396,397</u>	<u>12,396,397</u>	<u>12,396,397</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 12,096,397</u>	<u>\$ 8,254,353</u>	<u>\$ 10,517,181</u>	<u>\$ 2,262,828</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, 2007**

	Business Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water and Sewer Fund	Stormwater Utility Fund	Total	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 6,683,979	\$ 438,105	\$ 7,122,084	\$ 1,400,487
Investments	2,561,515	215,393	2,776,908	376,768
Interest receivable	32,508	1,769	34,277	4,766
Accounts receivable (net of allowance for uncollectibles)	333,332	23,790	357,122	-
Unbilled service charges	96,673	7,357	104,030	-
Special assessments - current	51,382	9,639	61,021	-
Inventories	37,548	-	37,548	52,687
Prepaid items	169,001	-	169,001	-
Total current assets	9,965,938	696,053	10,661,991	1,834,708
Noncurrent assets:				
Restricted investments:				
Customer deposits	300,483	-	300,483	-
Impact fee funds	2,703,679	-	2,703,679	-
Total restricted assets	3,004,162	-	3,004,162	-
Special assessments - noncurrent	359,655	-	359,655	-
Unamortized sewer capacity	110,898	-	110,898	-
Capital assets:				
Land	39,548	-	39,548	-
Buildings	472,000	-	472,000	-
Water/sewer system	19,982,949	-	19,982,949	-
Stormwater system	-	3,137,674	3,137,674	-
Machinery and equipment	266,380	14,975	281,355	-
Vehicles	-	-	-	4,056,174
Construction in progress	765,046	-	765,046	-
Less accumulated depreciation	(3,907,295)	(1,176,072)	(5,083,367)	(2,240,031)
Total capital assets (net of accumulated depreciation)	17,618,628	1,976,577	19,595,205	1,816,143
Total noncurrent assets	21,093,343	1,976,577	23,069,920	1,816,143
Total assets	\$ 31,059,281	\$ 2,672,630	\$ 33,731,911	\$ 3,650,851

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

	Business Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water and Sewer Fund	Stormwater Utility Fund	Total	
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 365,860	\$ 9,829	\$ 375,689	\$ 7,967
Accrued liabilities	10,598	620	11,218	3,002
Compensated absences	3,963	-	3,963	2,238
Total current liabilities	<u>380,421</u>	<u>10,449</u>	<u>390,870</u>	<u>13,207</u>
Noncurrent liabilities:				
Liabilities payable from restricted assets:				
Customer deposits	300,483	-	300,483	-
Unearned revenue	132,203	-	132,203	-
Compensated absences	45,571	-	45,571	25,742
Total noncurrent liabilities	<u>478,257</u>	<u>-</u>	<u>478,257</u>	<u>25,742</u>
Total liabilities	<u>858,678</u>	<u>10,449</u>	<u>869,127</u>	<u>38,949</u>
<b>NET ASSETS</b>				
Net assets invested in capital assets	17,618,628	1,976,577	19,595,205	1,816,143
Restricted for capital improvement	2,703,679	-	2,703,679	-
Unrestricted	9,878,296	685,604	10,563,900	1,795,759
Total net assets	<u>\$ 30,200,603</u>	<u>\$ 2,662,181</u>	<u>\$ 32,862,784</u>	<u>\$ 3,611,902</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, 2007**

	<u>Business Type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Fund
	<u>Water and Sewer Fund</u>	<u>Stormwater Utility Fund</u>	<u>Totals</u>	
<b>Operating revenues:</b>				
Charges for sales and services:				
Water sales	\$ 2,304,090	\$ -	\$ 2,304,090	\$ -
Sewer revenue	1,361,188	-	1,361,188	-
Stormwater fees	-	262,666	262,666	-
Other service charges	169,964	-	169,964	787,778
Total operating revenues	<u>3,835,242</u>	<u>262,666</u>	<u>4,097,908</u>	<u>787,778</u>
 Operating expenses				
Costs of operations	2,234,995	123,019	2,358,014	235,066
Administration	199,202	-	199,202	-
Depreciation	441,104	183,514	624,618	500,309
Amortization	24,216	-	24,216	-
Total operating expenses	<u>2,899,517</u>	<u>306,533</u>	<u>3,206,050</u>	<u>735,375</u>
Operating income (loss)	<u>935,725</u>	<u>(43,867)</u>	<u>891,858</u>	<u>52,403</u>
 Nonoperating revenues (expenses):				
Investment income	649,093	36,060	685,153	87,176
Gain (loss) on sale of capital assets	-	-	-	25,914
Total nonoperating revenue (expense)	<u>649,093</u>	<u>36,060</u>	<u>685,153</u>	<u>113,090</u>
Income (loss) before contributions and transfers	<u>1,584,818</u>	<u>(7,807)</u>	<u>1,577,011</u>	<u>165,493</u>
Capital contributions - impact fees	248,808	-	248,808	-
Capital contributions - developers & others	-	-	-	110,885
Transfers in	-	-	-	22,500
Transfers out	(725,000)	-	(725,000)	-
Change in net assets	<u>1,108,626</u>	<u>(7,807)</u>	<u>1,100,819</u>	<u>298,878</u>
 Total net assets - beginning	<u>29,091,977</u>	<u>2,669,988</u>	<u>31,761,965</u>	<u>3,313,024</u>
Total net assets - ending	<u>\$ 30,200,603</u>	<u>\$ 2,662,181</u>	<u>\$ 32,862,784</u>	<u>\$ 3,611,902</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, 2007**

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer Fund	Stormwater Utility Fund	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 3,658,202	\$ 261,137	\$ 3,919,339	\$ -
Other operating cash receipts	169,964	-	169,964	-
Receipts from interfund services provided	-	-	-	787,778
Payments to suppliers	(1,709,458)	(69,593)	(1,779,051)	(64,685)
Payments to employees	(763,525)	(49,735)	(813,260)	(170,863)
Net cash provided by operating activities	<u>1,355,183</u>	<u>141,809</u>	<u>1,496,992</u>	<u>552,230</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers to other funds	(725,000)	-	(725,000)	-
Transfers from other funds	-	-	-	22,500
Net cash provided (used) by capital and related financing activities	<u>(725,000)</u>	<u>-</u>	<u>(725,000)</u>	<u>22,500</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital contributions - impact fees	304,406	-	304,406	-
Acquisition and construction of capital assets	(1,662,490)	(191,851)	(1,854,341)	(393,448)
Proceeds from sales of capital assets	-	-	-	78,523
Net cash provided (used) by capital and related financing activities	<u>(1,358,084)</u>	<u>(191,851)</u>	<u>(1,549,935)</u>	<u>(314,925)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sales or maturities of investments	1,916,400	107,803	2,024,203	260,855
Purchases of investments	(435,200)	(24,291)	(459,491)	(62,034)
Interest and dividends received	618,832	34,506	653,338	82,269
Net cash provided (used) by investing activities	<u>2,100,032</u>	<u>118,018</u>	<u>2,218,050</u>	<u>281,090</u>
Net increase (decrease) in cash and cash equivalents	1,372,131	67,976	1,440,107	540,895
Cash and cash equivalents October 1	<u>5,311,848</u>	<u>370,129</u>	<u>5,681,977</u>	<u>859,592</u>
Cash and cash equivalents September 30	<u>\$ 6,683,979</u>	<u>\$ 438,105</u>	<u>\$ 7,122,084</u>	<u>\$ 1,400,487</u>

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

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer Fund	Stormwater Utility Fund	Totals	
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 935,725	\$ (43,867)	\$ 891,858	\$ 52,403
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	441,104	183,514	624,618	500,309
Amortization expense	24,216	-	24,216	-
(Increase) decrease in customer accounts receivable	(19,736)	(2,029)	(21,765)	-
(Increase) decrease in unbilled service charges	12,135	(310)	11,825	-
(Increase) decrease in special assessments	525	810	1,335	-
(Increase) decrease in inventory	35,024	-	35,024	(6,428)
(Increase) decrease in prepaid items	(140,098)	-	(140,098)	-
Increase (decrease) in customer deposits	29,993	-	29,993	-
Increase (decrease) in accounts payable	166,822	6,464	173,286	1,582
Increase (decrease) accrued expenses	(122,301)	(589)	(122,890)	710
Increase (decrease) in compensated absences payable	7,774	(2,184)	5,590	3,654
Increase (decrease) in unearned revenue	(16,000)	-	(16,000)	-
Total adjustments	419,458	185,676	605,134	499,827
Net cash provided by operating activities	<u>\$ 1,355,183</u>	<u>\$ 141,809</u>	<u>\$ 1,496,992</u>	<u>\$ 552,230</u>

The Water and Sewer Fund had a non-cash gain in the fair value of investments of \$44,065; the Stormwater Fund had a non-cash gain in the fair value of investments of \$2,459; and the Internal Service Fund had a non-cash capital contribution of \$110,885 and a non-cash gain in the fair value of investments of \$5,831.

**City of Lake Mary, Florida**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**As of September 30, 2007**

---

	Total Employee Pension Funds
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,532,807
Receivables:	
Accounts receivable	391
Interest receivable	54,260
Notes receivable - employee	36,536
Contributions receivable - employer	30,456
Contributions receivable - employee	8,970
Total receivables	130,613
Investments at fair value	
Domestic corporate & Govt bonds	4,599,175
Domestic stocks	10,482,480
Other securities	694,225
Total investments	15,775,880
Total assets	17,439,300
<b>LIABILITIES</b>	
Accounts payable	33,590
Total liabilities	33,590
<b>NET ASSETS</b>	
Held in trust for pension benefits	\$ 17,405,710

*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, 2007**

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	Total Employee Pension Funds
<b>ADDITIONS</b>	
Contributions:	
Employer contributions	\$ 1,156,191
State contributions	342,880
Employee contributions	475,953
Total contributions	1,975,024
Investment earnings	
Interest	400,175
Net increase (decrease) in fair value of investments	1,652,325
Net investment earnings	2,052,500
Total additions	4,027,524
<b>DEDUCTIONS</b>	
Benefit payments	271,360
Refunds of contributions	7,205
Administrative expenses	129,391
Total deductions	407,956
Change in net assets	3,619,568
Net assets - beginning	13,786,142
Net assets - ending	\$ 17,405,710

*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, 2007**

**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 service. 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, 2007 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 \$171,111 at September 30, 2007.

### **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 2007 is \$1,133,971 for governmental funds and \$31,294 for business-type activities.

Pursuant to GASB Statement No. 34, an extended period of deferral was available before the requirement to record and depreciate infrastructure assets (e.g. roads, bridges, sidewalks and similar items) acquired before the implementation date. The City has implemented this requirement with statements dated September 30, 2007.

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 2007.

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.

## **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.

### **2. Fund Balance/Net Assets Policy:**

In accordance with Resolution No. 800, the City reserves an amount equal to 25 percent of the General Fund fund balance and 25 percent of net assets in the Enterprise Funds of the current fiscal year expenditures. The purpose of this policy is to provide the capacity to provide sufficient cash flow for daily financial needs, to have the ability to offset significant economic downturns or revenue shortfalls, to provide funds for unforeseen expenditures related to emergencies or other unanticipated needs/occurrences, and maintain historical fund balance/net asset stability which may provide advantageous interest rates in the event of issuing debt.

If, at the end of any fiscal year, the actual amount of reserved, designated fund balance, or restricted net assets falls below the required level, the City Manager and City Commission review the circumstances creating the shortfall and develop a plan for restoring or amending the reserve requirements. Compliance with the resolution is part of the annual budget process.

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

**A. Deposits with financial institutions:**

At September 30, 2007, the carrying amount of the City's deposits was (\$506,813) and the bank balance was \$297,864.

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, 2007, the City had the following investments.

Investment Type	Fair Value	Weighted Average Maturity (years)
U.S. Agencies	\$ 5,231,256	1.60
U.S. Agencies - step bonds	3,645,423	1.34
State Investment Pool	23,915,112	n/a
Repurchase agreements	1,670,736	n/a
Total Fair Value of Investments	<u>\$ 34,462,527</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, 2007, 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, 2007, 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, Florida  
Notes to the Financial Statements  
September 30, 2007

City of Lake Mary Pension Funds had the following investments on September 30, 2007:

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	\$ 441,543	8.24	\$ 312,242	11.28	\$ -	n/a
U.S. Agencies	1,284,365	16.52	714,692	16.79	-	n/a
Corporate Bonds	660,875	8.86	568,433	12.18	781,597 *	unk
Corporate Stocks	5,687,780	n/a	2,893,633	n/a	1,736,495	n/a
International Stocks	43,917	n/a	125,293	n/a	34,757	n/a
Miscellaneous	23,760	n/a	466,497	n/a	-	n/a
Total Investments	8,142,240		5,080,790		2,552,849	
Cash and Cash Equivalents	708,277	n/a	472,574	n/a	351,956 *	n/a
Total Cash and Investments	\$ 8,850,517		\$ 5,553,364		\$ 2,904,805	

\* 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, 59% are rated by Moody's as A2 or better, 7% rated by Moodys as Baa1 to Baa3, with 34% unrated. Fire Pension investments are 59% rated by Moody's as A3 or better, 2% 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, 2007, 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, 2007 were as follows:

	Accounts and Assessments Receivable	Allowance for Uncollectibles	Net Receivable
General Fund	\$ 539,790	\$ 923	\$ 538,867
Special Revenue Funds	3,756	-	3,756
Enterprise Funds	886,325	4,497	881,828
	\$ 1,429,871	\$ 5,420	\$ 1,424,451

**NOTE 6 CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2007 was as follows:

City of Lake Mary, Florida  
Notes to the Financial Statements  
September 30, 2007

	<u>Beginning Balance</u>	<u>Restatement for Infrastructure</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 4,658,543	\$ -	\$ 244,424	\$ -	\$ 4,902,967
Land under infrastructure	32,632	1,765,836	-	-	1,798,468
Construction in progress	209,853	-	4,395,274	(118,450)	4,486,677
Total capital assets, not being depreciated	<u>4,901,028</u>	<u>1,765,836</u>	<u>4,639,698</u>	<u>(118,450)</u>	<u>11,188,112</u>
Capital assets, being depreciated:					
Buildings	18,022,615	-	-	-	18,022,615
Improvements other than bldg.	3,117,719	-	1,727	-	3,119,446
Equipment	1,572,933	-	201,920	(147,110)	1,627,743
Infrastructure	1,169,720	20,052,687	-	-	21,222,407
Vehicles	3,882,021	-	504,332	(330,179)	4,056,174
Total capital assets, being depreciated:	<u>27,765,008</u>	<u>20,052,687</u>	<u>707,979</u>	<u>(477,289)</u>	<u>48,048,385</u>
Less accumulated depreciation for					
Buildings	(3,359,792)	-	(717,820)	-	(4,077,612)
Improvements other than buildings	(1,327,176)	-	(198,503)	-	(1,525,679)
Equipment	(950,191)	-	(123,140)	147,110	(926,221)
Infrastructure	(40,065)	(6,374,754)	(445,529)	-	(6,860,348)
Vehicles	(2,069,901)	-	(500,309)	330,179	(2,240,031)
Total accumulated depreciation	<u>(7,747,125)</u>	<u>(6,374,754)</u>	<u>(1,985,301)</u>	<u>477,289</u>	<u>(15,629,891)</u>
Total capital assets, being depreciated, net	<u>20,017,883</u>	<u>13,677,933</u>	<u>(1,277,322)</u>	<u>-</u>	<u>32,418,494</u>
Governmental activities capital assets, net	<u>\$ 24,918,911</u>	<u>\$ 15,443,769</u>	<u>\$ 3,362,376</u>	<u>\$ (118,450)</u>	<u>\$ 43,606,606</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 39,548	\$ -	\$ -	\$ 39,548
Construction in progress	3,348,668	1,641,429	(4,225,052)	765,045
Total capital assets, not being depreciated	<u>3,388,216</u>	<u>1,641,429</u>	<u>(4,225,052)</u>	<u>804,593</u>
Capital assets, being depreciated:				
Buildings	472,000	-	-	472,000
Water/sewer system	15,826,259	4,156,692	-	19,982,951
Stormwater system	2,945,823	191,851	-	3,137,674
Machinery and equipment	191,934	89,421	-	281,355
Total capital assets, being depreciated	<u>19,436,016</u>	<u>4,437,964</u>	<u>-</u>	<u>23,873,980</u>
Less accumulated depreciation for				
Buildings	(236,000)	(11,800)	-	(247,800)
Water/sewer system	(3,124,560)	(407,046)	-	(3,531,606)
Stormwater system	(979,669)	(182,650)	-	(1,162,319)
Machinery and equipment	(118,519)	(23,122)	-	(141,641)
Total accumulated depreciation	<u>(4,458,748)</u>	<u>(624,618)</u>	<u>-</u>	<u>(5,083,366)</u>
Total capital assets, being depreciated, net	<u>14,977,268</u>	<u>3,813,346</u>	<u>-</u>	<u>18,790,614</u>
Business-type capital assets, net	<u>\$ 18,365,484</u>	<u>\$ 5,454,775</u>	<u>\$ (4,225,052)</u>	<u>\$ 19,595,207</u>

Depreciation expense was charged to governmental functions as follows:	
General government	\$ 355,611
Public works	480,453
Police	202,400
Fire	190,877
Parks	255,651
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>500,309</u>
Total depreciation expense	<u>\$ 1,985,301</u>

Depreciation expense was charged to business type activities as follows:	
Water/sewer system	\$ 441,104
Stormwater system	<u>183,514</u>
Total depreciation expense	<u>\$ 624,618</u>

**NOTE 7 LEASES**

**A. Capital Leases:**

On September 30, 2007, 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 \$25,132 for the year ended September 30, 2007. The future minimum lease payments for these leases are as follows:

Year Ending September 30,	
2008	\$ 22,990
2009	10,839
2010	8,986
2011	6,508
2012	<u>3,371</u>
Total Operating Leases	<u>\$ 52,694</u>

**NOTE 8 PUBLIC IMPROVEMENT REVENUE BONDS**

**A. Bonds Payable:**

Bonds payable at September 30, 2007 are comprised of the following individual obligations:

Description	Interest Rate	Original Amount	Balance at September 30, 2007
Public Improvement Refunding Revenue Bond, Series 2003; due serially on September 1 of each year to September 1, 2013.	3.41%	\$ 7,305,000	\$ 4,305,000
Public Improvement Refunding Revenue Bond, Series 2007 A & B; Series A is due serially on October 1 of each year to October 1, 2027; while Series B is due serially on October 1 of each year to October 1, 2015.	Series A @ 4.24%; Series B @ 3.92%	7,105,000	7,105,000
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	-
Total Bonds Payable			<u>\$ 11,410,000</u>

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

Fiscal Year Ending Sept. 30,	Principal	Interest	Total Debt Service
2008	915,000	343,963	1,258,963
2009	1,215,000	414,391	1,629,391
2010	1,260,000	369,473	1,629,473
2011	1,300,000	323,726	1,623,726
2012	875,000	276,514	1,151,514
2013-2017	2,595,000	964,288	3,559,288
2018-2022	1,300,000	591,392	1,891,392
2023-2027	1,590,000	288,400	1,878,400
2028	360,000	15,476	375,476
Totals	<u>\$ 11,410,000</u>	<u>\$ 3,587,623</u>	<u>\$ 14,997,623</u>

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

On February 2, 2007 the City issued a \$2,105,000 Public Improvement Refunding Revenue Bond with an interest rate of 3.92 percent to refund \$2,150,000 of the outstanding Series 1996 bonds with interest rates from 4.50 percent to 5.25 percent. The outstanding bonds were called for redemption on March 1, 2007, at the option of the City, at the redemption price of 101 percent of the principal amount of the bonds called, together with interest accrued thereon to the date fixed for redemption. SunTrust Bank, Orlando, Florida, is the holder of the bond.

The City refunded the bond to reduce its total debt service payments over the next 8 years by \$79,686, and to obtain a net present value saving of \$72,995.

City of Lake Mary, Florida  
Notes to the Financial Statements  
September 30, 2007

During the year ended September 30, 2007, the following changes occurred in long term liabilities:

	Balance 09/30/2006	Reductions	Additions	Balance 09/30/2007	Balance Due within One Year
<b>Governmental activities</b>					
Public Improvement Refunding Revenue Bonds Series 1996	\$ 2,150,000	\$ (2,150,000)	\$ -	\$ -	\$ -
Public Improvement Refunding Revenue Bonds Series 2003	5,085,000	(780,000)	-	4,305,000	805,000
Public Improvement Refunding Revenue Bonds Series 2007 A & B	-	-	7,105,000	7,105,000	110,000
Compensated absences Governmental activity Long -term liabilities	844,467	(1,920)	85,618	928,165	2,238
	<u>\$ 8,079,467</u>	<u>\$ (2,931,920)</u>	<u>\$ 7,190,618</u>	<u>\$ 12,338,165</u>	<u>\$ 917,238</u>
<b>Business-type activities:</b>					
Compensated absences Business-type activity Long-term liabilities	\$ 43,268	\$ (3,462)	\$ 9,728	\$ 49,534	\$ 3,963
	<u>\$ 43,268</u>	<u>\$ (3,462)</u>	<u>\$ 9,728</u>	<u>\$ 49,534</u>	<u>\$ 3,963</u>

There is no reserve requirement for the 2003 or 2007 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, \$27,980 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 49 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, 2007. 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, 2007 were as follows:

Recipient Fund	Amount	Purpose
General Fund	725,000	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	1,457,084	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	1,057,068	Transfer from General Fund to provide for general capital improvements of the city.
General Projects Fund	3,480,000	Transfer from General Fund to purchase properties on Grand Bend Avenue in connection with construction of the Community Center.
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, 2007. In accordance with GAAP, the City has recorded the direct state pension contribution from insurance premium payments in the amount of \$321,007 as an intergovernmental revenue and public safety expense in the Police and Firefighter Premium Tax Trust special revenue fund.

The annual pension cost, net pension obligation and required contribution for September 30, 2007, were determined as part of the actuarial valuation of the each plan as of October 1, 2005, using the entry age normal actuarial cost method. The City's annual pension cost and net pension obligation based on the most recent actuarial valuation as of October 1, 2007 were as follows:

	Police Officers' Pension Fund	Firefighters' Pension Fund
Annual Required Contribution*	\$ 523,261	\$ 454,050
Interest on Net Pension Obligation (NPO)	-	-
Adjustment to Annual Required Contribution	-	-
Annual Pension Cost	523,261	454,050
City and State Contributions Made	(523,261)	(454,050)
Increase/(Decrease) in NPO	-	-
NPO beginning of year	-	-
NPO end of year	\$ -	\$ -

\* includes State contribution

The amounts legally required as of September 30, 2007 to be reserved for the police and firefighter pension funds are \$8,867,065 and \$5,588,971, 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 September 30, 2007.

	<b><u>POLICE</u></b>	<b><u>FIRE</u></b>
Eligibility	All active and future Police Officers.	All active and future Firefighters, full-time or volunteer, as defined by Ordinance 1003
Salary	Total compensation reportable on W-2, plus all tax-deferred, tax-exempt and tax-sheltered items of income.	For full-time firefighters, total compensation, exclusive of lump sum payments of vacation and sick time; for volunteers, annually prorated on a monthly basis
Average Final Compensation	Average of the five (5) best years of the final 10 years of service.	Average of the five (5) best years of the final 10 years of service
Credited Service	Total number of years and fractional parts of years measured from date of employment.	Total number of years and fractional parts of years of service, measured from date of employment
<b>NORMAL RETIREMENT</b>		
Date	Earlier of: 1) the attainment of age 55 and 5 years of Credited Service, or 2) the completion of 20 years of service, regardless of age.	Earlier of: 1) the attainment of age 55 and 5 years of Credited Service, or 2) the attainment of age 52 and completion of 20 years of service
Benefit	3.2% of Average Final Compensation <u>times</u> Credited Service.	3.2% of Average Final Compensation <u>times</u> Credited Service, with a minimum of \$350 monthly
Form of Benefit	Life, with 10 years certain.	Single life annuity with 10 years guaranteed
<b>EARLY RETIREMENT</b>		
Date	Age 50 and completion of 5 years of Credited Service.	Age 50 and completion of 5 years of Credited Service
Benefit	Determined as for Normal Retirement, reduced by 3% per year preceding Normal Retirement Date.	Determined as for Normal Retirement, reduced 3% for each year preceding Normal Retirement Date
Form of Benefit	Life, with 10 years certain.	Single life annuity with 10 years guaranteed.
<b>DEFERRED RETIREMENT OPTION PLAN (DROP)</b>		
Eligibility	Satisfaction of Normal Retirement requirements (earlier of (1) Age 55 with 5 years of Credited Service, or (2) 20 years of Credited Service.	Satisfaction of Normal Retirement requirements.
Participation	Not to exceed 60 months.	Not to exceed 60 months.
Rate of Return	Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter.	Net investment return credited quarterly.
Form of Distribution	Cash lump sum at termination of employment.	Cash lump sum at termination of employment (options available).
<b>TERMINATION OF EMPLOYMENT</b>		
Less than 5 years	Refund of Member Contributions.	Refund of Member Contributions plus 5% compound annual interest
5 Years or more	Refund of Contributions or Vested Accrued benefit payable at Normal (unreduced) or Early (reduced) Retirement Date.	Refund of Contributions or Vested Accrued benefit payable at Normal (unreduced) or Early (reduced) Retirement Date

	<u>POLICE</u>	<u>FIRE</u>
<b>DISABILITY BENEFIT</b>		
Line of Duty	The greater of 1) 50% of salary at the time of the disability or 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
<b>DEATH BENEFIT</b>		
Prior to Retirement Line of Duty	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.	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
Not-in-Line of Duty	If member was vested - Actuarial equivalent of accrued benefit. If the member is not vested, Refund of the Member's Accumulated Contributions.	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
After Retirement	Optional forms that are actuarially equivalent to the normal form of benefit may be chosen with permission of the board.	Optional forms that are actuarially equivalent to the normal form of benefit may be chosen with permission of the board
<b>CONTRIBUTIONS</b>		
Plan Members	5.0% of Salary	5.0% of Salary
City	23.8% of Salary	26.2% of Salary
Annual Pension Cost	630,976	540,756
Contributions Made	703,458	669,778
<b>ACTUARIAL VALUATION:</b>		
Frequency	Annual	Annual
Latest Date	10/1/2005	10/1/2005
Basis for Contribution	10/1/2005	10/1/2005
Cost Method	Entry Age Normal	Entry Age Normal

City of Lake Mary, Florida  
Notes to the Financial Statements  
September 30, 2007

**POLICE**

**FIRE**

**ACTUARIAL ASSUMPTIONS**

Mortality Rates	1983 Group Annuity Mortality Table	1983 Group Annuity Mortality Table
Termination Rates	(see police table 1)	(see Fire Table 2)
Disability Rates	(see police table 1)	(see Fire Table 2)
Retirement Age	Earlier of 1) age 55 and 5 years of service, or 2) the completion of 20 years of Service regardless of age. In addition, members who are eligible to retire on the valuation date are assumed to retire one year later.	Earlier of age 55 and 5 years of service or age 52 and 25 years of service. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.
Early Retirement	Commencing with the earliest Early Retirement Age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.	Commencing upon eligibility for Early Retirement, members are assumed to retire with an immediate benefit at the rate of 5% per year.
Interest Rate	7.5% per year, compounded annually, net of investment related expenses.	8% per year, compounded annually, net of investment related expenses.
Salary Increases	7.0% per year until the assumed retirement age (see table below). Projected salary at retirement is increased 20% to account for non-regular payments.	6.5% per year until the assumed retirement age; see Fire Table 2.
Payroll Increase	n/a	5% per year.
Administrative Expense	\$17,603 per year.	\$10,850 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

Trend information which follows, gives an indication of the progress made in accumulating sufficient assets to pay benefits when due.

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

Fiscal Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net Pension Obligation
September 30, 2007	\$ 523,261	100%	\$ -
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%	-

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

Fiscal Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net Pension Obligation
September 30, 2007	\$ 454,050	100%	\$ -
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%	-

Schedule of Funding Progress

Police Officers' Pension Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
10/1/2007	8,769,554	9,161,870	392,316	95.7%	2,151,574	18.2%
10/1/2006	7,442,173	7,800,859	358,686	95.4%	2,077,843	17.3%
10/1/2005	6,381,392	6,919,618	538,226	92.2%	2,002,271	26.9%

Firefighters' Pension Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
10/1/2007	5,450,760	7,411,961	1,961,201	73.5%	2,400,743	81.7%
10/1/2006	4,286,534	5,826,779	1,540,245	73.6%	2,117,306	72.7%
10/1/2005	3,391,286	4,741,651	1,350,365	71.5%	1,628,272	82.9%

The total required contribution for the police pension plan has increased slightly in dollar amount but has remained fairly stable when expressed as a percentage of total annual payroll for future years. This is attributable in part to a 10.4% investment return which exceeded the 7.5% assumption, the average increase in pensionable compensation was less than the assumed rate and the effects of favorable turnover for the police pension plan. Firefighters Pension plan experienced a less favorable experience, caused in part by an average increase in pensionable compensation that exceeded the assumed rate by over 8%, an increase in the average entry age of plan participants, and an increase in the level of non-investment expenses. These losses were partially offset by a 10.8% investment return that exceeded the 8.0% assumption.

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 10%, with an available match of up to an additional 2.5%. 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 20% after the first year and each year thereafter, with full vesting after 5 years. Benefits are available at termination, regardless of age, based on vested years of service. Normal retirement age has been designated by the employer as age 60. The loan provision for the plan has been modified to permit loans from participant contributions only. Prior to October 1, 2006, employees had an option to borrow up to 50% of their vested account value. All loans are due in full at termination.

For the fiscal year ending September 30, 2007, payroll for the employees covered by this plan was \$3,830,856. Employer contributions required and made were \$383,086, with matching contribution of \$71,285. Voluntary employee contributions during the fiscal year were \$80,028. As of September 30, 2007, participation in the plan consisted of 90 active members. The outstanding employee loan amount at September 30, 2007 was \$36,536.

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**  
**Individual Statement of Pension Fund Net Assets**  
**Fiduciary Funds**  
**As of September 30, 2007**

	Police Pension Trust	Fire Pension Trust	General Employees Pension
<b>ASSETS</b>			
Cash and cash equivalents	\$ 708,277	\$ 472,574	\$ 351,956
Receivables:			
Accounts receivable	391	-	-
Interest receivable	35,921	18,339	-
Notes receivable - employee	-	-	36,536
Contributions receivable - employer	125	21,998	8,333
Contributions receivable - employee	4,197	4,773	-
Total receivables	<u>40,634</u>	<u>45,110</u>	<u>44,869</u>
Investments at fair value			
Domestic corporate & Govt bonds	2,386,783	1,595,367	617,025
Domestic stocks	5,687,780	2,893,633	1,901,067
Other securities	67,677	591,791	34,757
Total investments	<u>8,142,240</u>	<u>5,080,791</u>	<u>2,552,849</u>
Total assets	<u>8,891,151</u>	<u>5,598,475</u>	<u>2,949,674</u>
<b>LIABILITIES</b>			
Accounts payable	24,086	9,504	-
Total liabilities	<u>24,086</u>	<u>9,504</u>	<u>-</u>
<b>NET ASSETS</b>			
Held in trust for pension benefits	<u>\$ 8,867,065</u>	<u>\$ 5,588,971</u>	<u>\$ 2,949,674</u>

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

**City of Lake Mary, Florida**  
**Individual Statement of Changes in Pension Fund Net Assets**  
**Fiduciary Funds**  
**For the Year Ended September 30, 2007**

	Police Pension Trust	Fire Pension Trust	General Em ployees Pension
<b>ADDITIONS</b>			
Contributions:			
Employer contributions	\$ 375,879	\$ 325,941	\$ 454,371
State contributions	189,039	153,841	-
Employee contributions	180,197	215,728	80,028
Total contributions	<u>745,115</u>	<u>695,510</u>	<u>534,399</u>
Investment earnings			
Interest	249,624	150,551	-
Net increase (decrease) in fair value of investments	<u>871,580</u>	<u>461,007</u>	<u>319,738</u>
Net investment earnings	<u>1,121,204</u>	<u>611,558</u>	<u>319,738</u>
Total additions	<u>1,866,319</u>	<u>1,307,068</u>	<u>854,137</u>
<b>DEDUCTIONS</b>			
Benefit payments	179,821	19,875	71,664
Refunds of contributions	1,793	5,412	-
Administrative expenses	<u>75,872</u>	<u>52,822</u>	<u>697</u>
Total deductions	<u>257,486</u>	<u>78,109</u>	<u>72,361</u>
Change in net assets	1,608,833	1,228,959	781,776
Net assets - beginning	<u>7,258,232</u>	<u>4,360,012</u>	<u>2,167,898</u>
Net assets - ending	<u>\$ 8,867,065</u>	<u>\$ 5,588,971</u>	<u>\$ 2,949,674</u>

The State of Florida, Department of Management Services, Division of Retirement, Bureau of Local Retirement Systems notified the City on August 31, 2007, that annual actuarial reports submitted for years ending 2002 through 2006, were not considered state approved. The State Actuary has recommended that the plans consider making changes in actuarial assumptions which may require a potential restatement of prior year plan reports. The boards of both plans, as well as the City, are working diligently to resolve these issues.

**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**

1. State Board of Administration Local Government Surplus Funds Trust Fund (SBA)

As discussed in Note 4, at September 30, 2007, the City of Lake Mary had \$23,915,112 invested in the State Board of Administration's Local Government Surplus Funds Trust Fund Investment Pool (Pool). The City withdrew all but \$1,032 prior to November 29, 2007, when the State Board of Administration implemented a temporary freeze on the assets held in the Pool due to an unprecedented amount of withdrawals from the Fund coupled with the absence of market liquidity for certain securities within the Pool. The significant amount of withdrawals followed reports that the Pool held asset-backed commercial paper that was subject to sub prime mortgage risk. On December 4, 2007, based on recommendations from an outside financial advisor, the State Board of Administration restructured the Pool into two separate pools. Pool A consisted of all money market appropriate assets, which was approximately \$12 billion or 86% of Pool assets. Pool B consisted of assets that either defaulted on a payment, paid more slowly than expected, and/or had any significant credit and liquidity risk, which was approximately \$2 billion or 14% of Pool assets. At the time of the restructuring, all current pool participants had their existing balances proportionately allocated into Pool A and Pool B. On December 21, 2007, Standard and Poor's Ratings Services assigned its "AAAM" principal stability fund rating to Pool A. Additional information regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration.

2. Florida Amendment 1

On January 29, 2008, the Florida electorate approved an amendment to the Florida Constitution relative to property taxation. This amendment (referred to as Amendment 1) was placed on the ballot by the Florida Legislature at a special session held in October 2007. With respect to homestead property, Amendment 1 increases the current \$25,000 homestead exemption by another \$25,000 (for property values between \$50,000 - \$75,000), except for school district taxes. Since the new \$25,000 homestead exemption does not apply to school district taxes, this effectively amounts to a \$15,000 increase to the existing homestead exemption, resulting in an estimated annual savings of \$240 for an average homeowner. Amendment 1 also allows property owners to transfer (make portable) up to \$500,000 of their Save Our Homes benefits to their next homestead when they move. Save Our Homes became effective in 1995 and limits (caps) the annual increase in assessed value for homestead property to three percent (3%) or the percentage change in the Consumer Price Index, whichever is less.

With respect to non-homestead property, Amendment 1 limits (caps) the annual increase in assessed value for non-homestead property (businesses, industrial property, rental property, second homes, etc.) to ten percent (10%), except for school district taxes. The Amendment also provides a \$25,000 exemption for tangible personal property.

Amendment 1 becomes effective on October 1, 2008, with the exception of the ten percent (10%) assessment cap on non-homestead property which becomes effective on January 1, 2009.

Based on information received from the Seminole County Property Appraiser's Office, the estimated annual loss of property tax revenues for our city from the additional homestead exemption and the \$25,000 exemption for tangible personal property is approximately \$325,772. At present, there is no accurate way to determine the impact of the portability and assessment cap on non-homestead property provisions in terms of potential loss of property tax revenues. Recent real estate sales activity in our area would indicate the estimated loss of property taxes for our city due to the portability provision would approximate \$79,827.



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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.

POLICE AND FIREFIGHTER PREMIUM TAX TRUST FUND - This special revenue fund is used to account for State contributions included as a part insurance premiums paid by business entities within City limits, to be used solely for benefit of police and fire pension plans.

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**

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

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.

PIRRB SERIES 2007 - This fund accumulates funds for the retirement of debt related to the \$7,105,000 Public Improvement Refunding Revenue Bonds, Series 2007 A & B.

**City of Lake Mary, Florida  
Combining Balance Sheet  
Nonmajor Governmental Funds  
As of September 30, 2007**

	Special Revenue					
	Police Education Fund	Police Impact Fees	Fire Impact Fees	Public Works Impact Fees	Recreation Impact Fees	Law Enforcement Trust
<b>ASSETS</b>						
Current Assets:						
Cash and cash equivalents	\$ 78,366	\$ 115,343	\$ 67,497	\$ 5,067	\$ 78,224	\$ 114,677
Investments	31,096	245,518	64,136	40,192	24,548	85,099
Interest receivable	295	971	351	120	273	537
Unbilled service charges	-	-	-	-	-	-
Assessments receivable	-	-	-	-	-	-
Prepaid items	1,660	-	-	-	-	-
Total Assets	<u>\$ 111,417</u>	<u>\$ 361,832</u>	<u>\$ 131,984</u>	<u>\$ 45,379</u>	<u>\$ 103,045</u>	<u>\$ 200,313</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities						
Accounts payable	\$ -	\$ 42,339	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>42,339</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>						
Reserved for debt service	-	-	-	-	-	-
Unreserved, undesignated	111,417	319,493	131,984	45,379	103,045	200,313
Total Fund Balance	<u>111,417</u>	<u>319,493</u>	<u>131,984</u>	<u>45,379</u>	<u>103,045</u>	<u>200,313</u>
Total liabilities and fund balances	<u>\$ 111,417</u>	<u>\$ 361,832</u>	<u>\$ 131,984</u>	<u>\$ 45,379</u>	<u>\$ 103,045</u>	<u>\$ 200,313</u>

Street Lighting District	Debt Service					Total Nonmajor Governmental Funds
	Total	PIRB Series 1996	PIRRB Series 2003	PIRRB Series 2007 A & B	Total	
\$ 10,315	\$ 469,489	\$ 218,027	\$ 12,447	\$ 95,800	\$ 326,274	\$ 795,763
119	490,708	-	-	-	-	490,708
28	2,575	-	-	-	-	2,575
898	898	-	-	-	-	898
2,858	2,858	-	-	-	-	2,858
-	1,660	-	-	-	-	1,660
<u>\$ 14,218</u>	<u>\$ 968,188</u>	<u>\$ 218,027</u>	<u>\$ 12,447</u>	<u>\$ 95,800</u>	<u>\$ 326,274</u>	<u>\$ 1,294,462</u>
\$ -	\$ 42,339	\$ -	\$ -	\$ -	\$ -	\$ 42,339
-	42,339	-	-	-	-	42,339
-	-	218,027	12,447	95,800	326,274	326,274
14,218	925,849	-	-	-	-	925,849
<u>14,218</u>	<u>925,849</u>	<u>218,027</u>	<u>12,447</u>	<u>95,800</u>	<u>326,274</u>	<u>1,252,123</u>
<u>\$ 14,218</u>	<u>\$ 968,188</u>	<u>\$ 218,027</u>	<u>\$ 12,447</u>	<u>\$ 95,800</u>	<u>\$ 326,274</u>	<u>\$ 1,294,462</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, 2007**

	Special Revenue Funds					
	Police Education Fund	Police Impact Fees	Fire Impact Fees	Public Works Impact Fees	Recreation Impact Fees	Law Enforcement Trust
<b>REVENUES</b>						
Impact fees/assessments	\$ -	\$ 14,537	\$ 13,602	\$ 4,687	\$ 14,663	\$ -
Fines and forfeitures	13,265	-	-	-	-	26,163
Intergovernmental revenues	-	-	-	-	-	-
Investment income	5,559	19,011	7,534	2,010	5,895	10,117
Total revenues	<u>18,824</u>	<u>33,548</u>	<u>21,136</u>	<u>6,697</u>	<u>20,558</u>	<u>36,280</u>
<b>EXPENDITURES</b>						
Current:						
Public safety	2,196	38,270	4,404	-	-	12,200
Debt service:						
Principal	-	-	-	-	-	-
Interest and other fiscal charges	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-
Capital outlay:						
Public safety	-	105,524	7,205	-	-	-
Total expenditures	<u>2,196</u>	<u>143,794</u>	<u>11,609</u>	<u>-</u>	<u>-</u>	<u>12,200</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>16,628</u>	<u>(110,246)</u>	<u>9,527</u>	<u>6,697</u>	<u>20,558</u>	<u>24,080</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(22,500)	-	(45,000)	-
Bonds issued	-	-	-	-	-	-
Bond refundings	-	-	-	-	-	-
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	16,628	(110,246)	(12,973)	6,697	(24,442)	24,080
Fund Balances - beginning	<u>94,789</u>	<u>429,739</u>	<u>144,957</u>	<u>38,682</u>	<u>127,487</u>	<u>176,233</u>
Fund Balances - end	<u>\$ 111,417</u>	<u>\$ 319,493</u>	<u>\$ 131,984</u>	<u>\$ 45,379</u>	<u>\$ 103,045</u>	<u>\$ 200,313</u>

		Debt Service						
Police and Firefighter Premium Tax Trust	Street Lighting District	Total	PIRB Series 1996	PIRRB Series 2003	PIRRB Series 2007 A & B	Total	Total Nonmajor Governmental Funds	
\$ -	\$ 32,779	\$ 80,268	\$ -	\$ -	\$ -	\$ -	\$ 80,268	
-	-	39,428	-	-	-	-	39,428	
321,007	-	321,007	-	-	-	-	321,007	
-	565	50,691	-	-	-	-	50,691	
<u>321,007</u>	<u>33,344</u>	<u>491,394</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>491,394</u>	
321,007	-	378,077	-	-	-	-	378,077	
-	-	-	-	780,000	-	780,000	780,000	
-	-	-	68,390	173,185	47,450	289,025	289,025	
-	-	-	-	-	56,750	56,750	56,750	
-	-	112,729	-	-	-	-	112,729	
<u>321,007</u>	<u>-</u>	<u>490,806</u>	<u>68,390</u>	<u>953,185</u>	<u>104,200</u>	<u>1,125,775</u>	<u>1,616,581</u>	
-	33,344	588	(68,390)	(953,185)	(104,200)	(1,125,775)	(1,125,187)	
-	-	-	304,084	953,000	200,000	1,457,084	1,457,084	
-	(33,250)	(100,750)	-	-	-	-	(100,750)	
-	-	-	2,105,000	-	-	2,105,000	2,105,000	
-	-	-	(2,150,000)	-	-	(2,150,000)	(2,150,000)	
-	<u>(33,250)</u>	<u>(100,750)</u>	<u>259,084</u>	<u>953,000</u>	<u>200,000</u>	<u>1,412,084</u>	<u>1,311,334</u>	
-	94	(100,162)	190,694	(185)	95,800	286,309	186,147	
-	14,124	1,026,011	27,333	12,632	-	39,965	1,065,976	
<u>\$ -</u>	<u>14,218</u>	<u>\$ 925,849</u>	<u>\$ 218,027</u>	<u>\$ 12,447</u>	<u>\$ 95,800</u>	<u>\$ 326,274</u>	<u>\$ 1,252,123</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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fines and forfeitures	\$ 12,000	\$ 12,000	\$ 13,265	\$ 1,265
Investment income	300	300	5,559	5,259
Total revenues	<u>12,300</u>	<u>12,300</u>	<u>18,824</u>	<u>6,524</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	13,000	13,000	2,196	10,804
Total expenditures	<u>13,000</u>	<u>13,000</u>	<u>2,196</u>	<u>10,804</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>(700)</u>	<u>(700)</u>	<u>16,628</u>	<u>17,328</u>
Fund balances at beginning of year	<u>94,789</u>	<u>94,789</u>	<u>94,789</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 94,089</u></u>	<u><u>\$ 94,089</u></u>	<u><u>\$ 111,417</u></u>	<u><u>\$ 17,328</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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Impact fees/assessments	\$ 55,000	\$ 55,000	\$ 14,537	\$ (40,463)
Investment income	3,600	3,600	19,011	15,411
Total revenues	<u>58,600</u>	<u>58,600</u>	<u>33,548</u>	<u>(25,052)</u>
<b>EXPENDITURES</b>				
Capital Outlay:				
Public safety	154,652	154,652	143,794	10,858
Total expenditures	<u>154,652</u>	<u>154,652</u>	<u>143,794</u>	<u>10,858</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>(96,052)</u>	<u>(96,052)</u>	<u>(110,246)</u>	<u>(14,194)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Cash Balance Forward	-	26,967	-	(26,967)
Total other financing sources and uses	<u>-</u>	<u>26,967</u>	<u>-</u>	<u>(26,967)</u>
Net change in fund balances	<u>(96,052)</u>	<u>(69,085)</u>	<u>(110,246)</u>	<u>(41,161)</u>
Fund balances at beginning of year	<u>429,739</u>	<u>429,739</u>	<u>429,739</u>	<u>-</u>
Fund balances at end of year	<u>\$ 333,687</u>	<u>\$ 360,654</u>	<u>\$ 319,493</u>	<u>\$ (41,161)</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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Impact fees/assessments	\$ 52,500	\$ 52,500	\$ 13,602	\$ (38,898)
Investment income	600	600	7,534	6,934
Cash balance forward	-	4,350	-	(4,350)
Total revenues	<u>53,100</u>	<u>57,450</u>	<u>21,136</u>	<u>(36,314)</u>
<b>EXPENDITURES</b>				
Capital Outlay:				
Public safety	6,500	33,350	11,609	21,741
Total expenditures	<u>6,500</u>	<u>33,350</u>	<u>11,609</u>	<u>21,741</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>46,600</u>	<u>24,100</u>	<u>9,527</u>	<u>(14,573)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
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	24,100	1,600	(12,973)	(14,573)
Fund balances at beginning of year	<u>144,957</u>	<u>144,957</u>	<u>144,957</u>	<u>-</u>
Fund balances at end of year	<u>\$ 169,057</u>	<u>\$ 146,557</u>	<u>\$ 131,984</u>	<u>\$ (14,573)</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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Impact fees/assessments	\$ 9,950	\$ 9,950	\$ 4,687	\$ (5,263)
Investment income	210	210	2,010	1,800
Total revenues	<u>10,160</u>	<u>10,160</u>	<u>6,697</u>	<u>(3,463)</u>
<b>EXPENDITURES</b>				
Capital Outlay:				
Public works	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>10,160</u>	<u>10,160</u>	<u>6,697</u>	<u>(3,463)</u>
Fund balances at beginning of year	<u>38,682</u>	<u>38,682</u>	<u>38,682</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 48,842</u></u>	<u><u>\$ 48,842</u></u>	<u><u>\$ 45,379</u></u>	<u><u>\$ (3,463)</u></u>

**City of Lake Mary, Florida**  
**Recreation Impact Fees Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Impact fees/assessments	\$ 95,000	\$ 95,000	\$ 14,663	\$ (80,337)
Investment income	1,200	1,200	5,895	4,695
Total revenues	<u>96,200</u>	<u>96,200</u>	<u>20,558</u>	<u>(75,642)</u>
<b>EXPENDITURES</b>				
Capital Outlay:				
Parks and recreation	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>96,200</u>	<u>96,200</u>	<u>20,558</u>	<u>(75,642)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
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	51,200	51,200	(24,442)	(75,642)
Fund balances at beginning of year	<u>127,487</u>	<u>127,487</u>	<u>127,487</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 178,687</u></u>	<u><u>\$ 178,687</u></u>	<u><u>\$ 103,045</u></u>	<u><u>\$ (75,642)</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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fines and forfeitures	\$ -	\$ -	\$ 26,163	\$ 26,163
Investment income	450	450	10,117	9,667
Total revenues	450	450	36,280	35,830
<b>EXPENDITURES</b>				
Current:				
Public safety	-	12,200	12,200	-
Total expenditures	-	12,200	12,200	-
Excess (deficiencies) of revenues over (under) expenditures	450	(11,750)	24,080	35,830
<b>OTHER FINANCING SOURCES (USES)</b>				
Cash Balance Forward	-	12,200	-	(12,200)
Total other financing sources and uses	-	12,200	-	(12,200)
Net change in fund balances	450	450	24,080	23,630
Fund balances at beginning of year	176,233	176,233	176,233	-
Fund balances at end of year	\$ 176,683	\$ 176,683	\$ 200,313	\$ 23,630

**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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Impact fees/assessments	\$ 33,250	\$ 33,250	\$ 32,779	\$ (471)
Investment income	25	25	565	540
Total revenues	<u>33,275</u>	<u>33,275</u>	<u>33,344</u>	<u>69</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>33,275</u>	<u>33,275</u>	<u>33,344</u>	<u>69</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(33,250)	(33,250)	(33,250)	-
Total other financing sources and uses	<u>(33,250)</u>	<u>(33,250)</u>	<u>(33,250)</u>	<u>-</u>
Net change in fund balances	25	25	94	69
Fund balances at beginning of year	14,124	14,124	14,124	-
Fund balances at end of year	<u>\$ 14,149</u>	<u>\$ 14,149</u>	<u>\$ 14,218</u>	<u>\$ 69</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, 2007**

	Police Pension Trust	Fire Pension Trust	General Employees Pension	Total Employee Pension Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 708,277	\$ 472,574	\$ 351,956	\$ 1,532,807
Receivables:				
Accounts Receivable	391	-	-	391
Interest receivable	35,921	18,339	-	54,260
Notes receivable - employee	-	-	36,536	36,536
Contributions receivable - employer	125	21,998	8,333	30,456
Contributions receivable - employee	4,197	4,773	-	8,970
Total receivables	<u>40,634</u>	<u>45,110</u>	<u>44,869</u>	<u>130,613</u>
Investments at fair value				
Domestic corporate & Govt bonds	2,386,783	1,595,367	617,025	4,599,175
Domestic stocks	5,687,780	2,893,633	1,901,067	10,482,480
Other securities	67,677	591,791	34,757	694,225
Total investments	<u>8,142,240</u>	<u>5,080,791</u>	<u>2,552,849</u>	<u>15,775,880</u>
Total assets	<u>8,891,151</u>	<u>5,598,475</u>	<u>2,949,674</u>	<u>17,439,300</u>
<b>LIABILITIES</b>				
Accounts payable	<u>24,086</u>	<u>9,504</u>	<u>-</u>	<u>33,590</u>
Total liabilities	<u>24,086</u>	<u>9,504</u>	<u>-</u>	<u>33,590</u>
<b>NET ASSETS</b>				
Held in trust for pension benefits	<u>\$ 8,867,065</u>	<u>\$ 5,588,971</u>	<u>\$ 2,949,674</u>	<u>\$ 17,405,710</u>

**City of Lake Mary, Florida**  
**Combining Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended September 30, 2007**

	Police Pension Trust	Fire Pension Trust	General Employees Pension	Total Employee Pension Funds
<b>ADDITIONS</b>				
Contributions:				
Employer contributions	\$ 375,879	\$ 325,941	\$ 454,371	\$ 1,156,191
State contributions	189,039	153,841	-	342,880
Employee contributions	180,197	215,728	80,028	475,953
Total contributions	<u>745,115</u>	<u>695,510</u>	<u>534,399</u>	<u>1,975,024</u>
Investment earnings				
Interest	249,624	150,551	-	400,175
Net increase (decrease) in fair value of investments	871,580	461,007	319,738	1,652,325
Net investment earnings	<u>1,121,204</u>	<u>611,558</u>	<u>319,738</u>	<u>2,052,500</u>
Total additions	<u>1,866,319</u>	<u>1,307,068</u>	<u>854,137</u>	<u>4,027,524</u>
<b>DEDUCTIONS</b>				
Benefit payments	179,821	19,875	71,664	271,360
Refunds of contributions	1,793	5,412	-	7,205
Administrative expenses	75,872	52,822	697	129,391
Total deductions	<u>257,486</u>	<u>78,109</u>	<u>72,361</u>	<u>407,956</u>
Change in net assets	1,608,833	1,228,959	781,776	3,619,568
Net assets - beginning	<u>7,258,232</u>	<u>4,360,012</u>	<u>2,167,898</u>	<u>13,786,142</u>
Net assets - ending	<u>\$ 8,867,065</u>	<u>\$ 5,588,971</u>	<u>\$ 2,949,674</u>	<u>\$ 17,405,710</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.

<b>Contents</b>	<b>Page</b>
Financial Trends	84
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	94
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	99
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	102
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	104
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	110
These schedules contain trend data for pension funds which is viewed by management as required information.	

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

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

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	Fiscal Year			
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</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.
- \*\* 2007 Recorded Infrastructure Assets

Fiscal Year					
<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 11,735	\$ 8,061	\$ 10,960	\$ 18,759	\$ 17,684	\$ 32,197
-	8,901	7,678	2,257	2,266	6,983
<u>12,439</u>	<u>9,524</u>	<u>10,583</u>	<u>11,293</u>	<u>14,156</u>	<u>12,730</u>
<u>\$ 24,174</u>	<u>\$ 26,486</u>	<u>\$ 29,221</u>	<u>\$ 32,309</u>	<u>\$ 34,106</u>	<u>\$ 51,910</u>
\$ 13,534	\$ 14,044	\$ 14,983	\$ 15,551	\$ 18,365	\$ 19,595
951	1,049	1,145	2,189	2,455	2,704
<u>8,681</u>	<u>9,381</u>	<u>10,127</u>	<u>12,280</u>	<u>10,942</u>	<u>10,564</u>
<u>\$ 23,166</u>	<u>\$ 24,474</u>	<u>\$ 26,255</u>	<u>\$ 30,020</u>	<u>\$ 31,762</u>	<u>\$ 32,863</u>
\$ 25,269	\$ 22,105	\$ 25,943	\$ 34,310	\$ 36,049	\$ 51,792
951	9,950	8,823	4,446	4,721	9,687
<u>21,120</u>	<u>18,905</u>	<u>20,710</u>	<u>23,573</u>	<u>25,098</u>	<u>23,294</u>
<u>\$ 47,340</u>	<u>\$ 50,960</u>	<u>\$ 55,476</u>	<u>\$ 62,329</u>	<u>\$ 65,868</u>	<u>\$ 84,773</u>

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

<b>Expenses</b>	Fiscal Year									
	<u>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>	<u>2007</u>
Governmental activities:										
General government	*	*	*	*	\$ 1,728	\$ 2,266	\$ 3,187	\$ 2,492	\$ 2,687	\$ 2,932
Public works	*	*	*	*	719	816	2,987 <sup>1</sup>	1,184	773	1,620
Public safety	*	*	*	*	6,193	6,546	7,402	8,082	9,725	10,537
Parks and recreation	*	*	*	*	1,231	2,190	1,598	1,747	1,857	2,020
Interest & other fiscal charges on long-term debt	*	*	*	*	345	332	389	345	318	294
Total governmental activities expenses	*	*	*	*	<u>10,216</u>	<u>12,150</u>	<u>15,563</u>	<u>13,850</u>	<u>15,360</u>	<u>17,403</u>
Business-type activities:										
Water & Sewer	*	*	*	*	1,969	2,114	2,479	2,447	2,520	2,899
Stormwater	*	*	*	*	122	160	239	275	282	307
Total business-type activities expenses	*	*	*	*	<u>\$ 2,091</u>	<u>\$ 2,274</u>	<u>\$ 2,718</u>	<u>\$ 2,722</u>	<u>\$ 2,802</u>	<u>\$ 3,206</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	*	*	*	*	\$ 141	\$ 203	\$ 234	\$ 343	\$ 238	\$ 243
Public works	*	*	*	*	6	4	4	5	13	5
Public safety	*	*	*	*	955	1,176	1,128	1,320	1,948	1,255
Parks and recreation	*	*	*	*	227	219	209	213	319	207
Operating grants and contributions	*	*	*	*	10	665	2,772 <sup>1</sup>	957	764	654
Capital grants and contributions	*	*	*	*	127	524	807	140	249	182
Total governmental activities program revenues	*	*	*	*	<u>1,466</u>	<u>2,791</u>	<u>5,154</u>	<u>2,978</u>	<u>3,531</u>	<u>2,546</u>
Business-type activities:										
Charges for services:										
Water & Sewer	*	*	*	*	3,367	3,283	3,474	3,411	3,794	3,835
Stormwater	*	*	*	*	229	236	242	248	251	263
Capital grants and contributions	*	*	*	*	268	417	1,251	1,241	305	249
Total business-type activities program revenues	*	*	*	*	<u>3,864</u>	<u>3,936</u>	<u>4,967</u>	<u>4,900</u>	<u>4,350</u>	<u>4,347</u>
Total government program revenues	*	*	*	*	<u>\$ 5,330</u>	<u>\$ 6,727</u>	<u>\$ 10,121</u>	<u>\$ 7,878</u>	<u>\$ 7,881</u>	<u>\$ 6,893</u>

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Net (expense)/revenue										
Governmental activities	*	*	*	*	\$ (8,750)	\$ (9,359)	\$ (10,409)	\$ (10,872)	\$ (11,829)	\$ (14,857)
Business-type activities	*	*	*	*	1,773	1,662	2,249	2,178	1,548	1,141
Total government net expense	*	*	*	*	\$ (6,977)	\$ (7,697)	\$ (8,160)	\$ (8,694)	\$ (10,281)	\$ (13,716)

### General Revenues and Other Changes in Net Assets

#### Governmental activities:

Taxes										
Property taxes	*	*	*	*	\$ 4,615	\$ 5,038	\$ 6,056	\$ 6,033	\$ 6,534	\$ 7,687
Franchise and utility taxes	*	*	*	*	4,420	4,707	5,040	5,449	6,001	6,224
Unrestricted intergovernmental revenues	*	*	*	*	1,533	972	1,063	1,240	1,382	1,264
Unrestricted investment earnings	*	*	*	*	549	336	280	341	720	1,159
Miscellaneous revenues	*	*	*	*	52	69	81	241	173	158
Transfers	*	*	*	*	475	550	625	655	655	725
Total governmental activities	*	*	*	*	11,644	11,672	13,145	13,959	15,465	17,217
Business-type activities:										
Investment earnings	*	*	*	*	361	195	157	271	573	685
Miscellaneous revenues	*	*	*	*	-	-	-	1,970	276	-
Transfers	*	*	*	*	(475)	(550)	(625)	(655)	(655)	(725)
Total business-type activities	*	*	*	*	(114)	(355)	(468)	1,586	194	(40)
Total government	*	*	*	*	\$ 11,530	\$ 11,317	\$ 12,677	\$ 15,545	\$ 15,659	\$ 17,177

### Change in Net Assets

Governmental activities	*	*	*	*	\$ 2,894	\$ 2,313	\$ 2,736	\$ 3,087	\$ 3,636	\$ 2,360
Business-type activities	*	*	*	*	1,659	1,307	1,781	3,764	1,742	1,101
Total government	*	*	*	*	\$ 4,553	\$ 3,620	\$ 4,517	\$ 6,851	\$ 5,378	\$ 3,461

#### 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
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
2007	7,687	2,104	4,120	13,911

**Taxes included in Unrestricted Intergovernmental Revenues**

Fiscal Year	Sales Tax	State Revenue Sharing	Other	Total
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
2007	1,014	239	10	1,263



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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>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
General fund				
Reserved	\$ 1	\$ 2,675	\$ 1,735	\$ -
Unreserved	<u>5,416</u>	<u>4,631</u>	<u>6,622</u>	<u>7,739</u>
Total general fund	<u>\$ 5,417</u>	<u>\$ 7,306</u>	<u>\$ 8,357</u>	<u>\$ 7,739</u>
All other governmental funds				
Reserved	\$ 4,725	\$ 3,972	\$ 2,535	\$ 1,261
Unreserved, reported in:				
Special revenue funds	-	-	-	993
Debt service funds	<u>61</u>	<u>80</u>	<u>83</u>	<u>133</u>
Total all other governmental funds	<u>\$ 4,786</u>	<u>\$ 4,052</u>	<u>\$ 2,618</u>	<u>\$ 2,387</u>

Fiscal Year					
<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 6	\$ 4	\$ 5	\$ 11	\$ 10	\$ 7
<u>9,782</u>	<u>8,047</u>	<u>6,859</u>	<u>9,834</u>	<u>12,386</u>	<u>10,510</u>
<u><u>\$ 9,788</u></u>	<u><u>\$ 8,051</u></u>	<u><u>\$ 6,864</u></u>	<u><u>\$ 9,845</u></u>	<u><u>\$ 12,396</u></u>	<u><u>\$ 10,517</u></u>
\$ 1,415	\$ 8,999	\$ 7,816	\$ 2,297	\$ 2,306	\$ 7,310
1,228	1,198	1,151	904	1,026	926
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u><u>\$ 2,643</u></u>	<u><u>\$ 10,197</u></u>	<u><u>\$ 8,967</u></u>	<u><u>\$ 3,201</u></u>	<u><u>\$ 3,332</u></u>	<u><u>\$ 8,236</u></u>

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

	Fiscal Year			
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
<b>Revenues</b>				
Taxes				
Property	\$ 2,397	\$ 2,923	\$ 3,510	\$ 4,033
Franchise and utility taxes	2,578	3,065	3,521	3,690
Licenses and Permits	808	1,049	680	668
Intergovernmental	5,456	4,767	1,557	1,423
Charges for services	175	200	207	332
Impact fees/assessments	252	535	232	206
Fines and forfeitures	191	261	252	243
Investment earnings	620	374	713	1,032
Miscellaneous	279	93	83	79
Total revenues	<u>12,756</u>	<u>13,267</u>	<u>10,755</u>	<u>11,706</u>
<b>Expenditures</b>				
General government	1,548	1,857	1,407	1,643
Public works	452	467	532	540
Public safety	2,625	2,955	4,309	5,280
Parks and recreation	620	765	1,043	1,288
Capital outlay	5,285	5,595	3,406	3,409
Debt service				
Principal	405	410	430	450
Interest	410	397	381	363
Other charges	-	-	-	-
Total expenditures	<u>11,345</u>	<u>12,446</u>	<u>11,508</u>	<u>12,973</u>
Excess of revenues over (under) expenditures	1,411	821	(753)	(1,267)
Other financing sources (uses)				
Transfers in	1,615	1,685	2,460	4,772
Transfers out	(1,273)	(1,355)	(2,091)	(4,360)
Refunding bonds issued	-	-	-	-
Bonds issued	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-
Sale of capital assets	-	5	-	5
Total other financing sources (uses)	<u>342</u>	<u>335</u>	<u>369</u>	<u>417</u>
Net change in fund balances	<u>\$ 1,753</u>	<u>\$ 1,156</u>	<u>\$ (384)</u>	<u>\$ (850)</u>
Debt service as a percentage of noncapital expenditures	15.54%	13.35%	11.12%	9.29%

Fiscal Year						
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$	4,615	\$ 5,038	\$ 6,056	\$ 6,033	\$ 6,534	\$ 7,687
	4,420	4,707	5,073	5,449	6,001	6,224
	529	669	735	896	1,386	787
	1,670	2,115	1,823	4,422	2,408	2,113
	392	438	432	644	654	648
	153	199	120	119	285	80
	256	285	245	210	179	182
	529	328	267	317	721	1,159
	51	126	152	156	174	158
	<u>12,615</u>	<u>13,905</u>	<u>14,903</u>	<u>18,246</u>	<u>18,342</u>	<u>19,038</u>
	1,569	2,201	2,252	2,118	2,318	2,554
	676	816	2,958	1,121	741	1,157
	5,606	6,333	6,757	7,776	9,397	10,221
	1,163	1,301	1,380	1,506	1,622	1,777
	950	1,147	3,316	7,980	959	4,836
	360	495	875	905	940	780
	332	299	384	342	316	289
	28	23	-	-	-	57
	<u>10,684</u>	<u>12,615</u>	<u>17,922</u>	<u>21,748</u>	<u>16,293</u>	<u>21,671</u>
	1,931	1,290	(3,019)	(3,502)	2,049	(2,633)
	2,500	5,893	4,119	4,267	2,992	6,797
	(2,047)	(5,365)	(3,516)	(3,635)	(2,359)	(6,095)
	3,790	7,305	-	-	-	7,105
	-	-	-	-	-	-
	(3,870)	(3,305)	-	-	-	(2,150)
	1	-	-	85	-	-
	<u>374</u>	<u>4,528</u>	<u>603</u>	<u>717</u>	<u>633</u>	<u>5,657</u>
\$	<u>2,305</u>	<u>5,818</u>	<u>(2,416)</u>	<u>(2,785)</u>	<u>2,682</u>	<u>3,024</u>
	7.99%	7.67%	9.43%	9.96%	8.92%	6.81%

**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					Personal Property
	Total Residential and Commercial Real Property	Residential Property	% Residential	Commercial Property	% Commercial	
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	43.94%	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
2007	1,684,760	819,695	48.65%	865,065	51.33%	309,686

Source: Seminole County Property Appraiser's Office

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<u>Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
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%
530,188	1,994,307	3.9998	2,550,770	78.18%

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

Fiscal Year	Overlapping Rates								Total Direct & Overlapping Rates
	City of Lake Mary Operating Millage	Seminole County			School District			St. John's Water Management District	
		Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage		
1998	3.7648	5.1638	0.1987	5.3625	9.1560	0.8800	10.0360	0.4820	19.6453
1999	3.7648	5.1638	0.1234	5.2872	9.1020	0.8160	9.9180	0.4820	19.4520
2000	3.7648	4.9989	0.1170	5.1159	8.7850	0.7560	9.5410	0.4820	18.9037
2001	3.7648	4.9989	0.1083	5.1072	8.6550	0.6900	9.3450	0.4620	18.6790
2002	3.7648	4.9989	0.2208	5.2197	8.5230	0.6390	9.1620	0.4620	18.6085
2003	3.7648	4.9989	0.2086	5.2075	8.4790	0.5210	9.0000	0.4620	18.4343
2004	3.9998	4.9989	0.1910	5.1899	8.2410	0.4950	8.7360	0.4620	18.3877
2005	3.9998	4.9989	0.1721	5.1710	8.1270	0.3850	8.5120	0.4620	18.1448
2006	3.9998	4.9989	0.2041	5.2030	7.9650	0.0000	7.9650	0.4620	17.6298
2007	3.9998	4.9989	0.1451	5.1440	7.7530	0.0000	7.7530	0.4620	17.3588

Source: Seminole County Tax Collectors Office

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

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

**City of Lake Mary, Florida  
Principal Property Taxpayers  
September 30, 2007  
(amounts expressed in thousands)**

Taxpayer	2007			1998		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
DRA CLP Heathrow (formerly a part of Crescent Resources, Inc)	\$ 89,281	1	4.48%			
Sun Life Assurance Co of Canada (formerly a part of Crescent Resources, Inc.)	55,195	2	2.77%			
Nextel South Corp	54,080	3	2.71%			
A T & T Mobility LLC	39,215	4	1.97%			
DRA CRT Lake Mary Center LLC	36,879	5	1.85%			
Heathrow Hotel Owners LLC (Marriott Hotel)	29,444	6	1.48%			
Duke-Weeks Realty LP	28,520	7	1.43%			
Golfview Apartments LLC	27,378	8	1.37%			
North Point LP	24,187	9	1.21%			
ACP/Utah II LLC	23,078	10	1.16%			
Siemens Stromberg	-		-	\$ 45,952	1	6.93%
A T & T	-		-	43,356	2	6.54%
Crescent Resources, Inc	-		-	23,840	3	3.60%
Orlando SMSA Ltd Partnership	-		-	18,137	4	2.74%
First USA	-		-	12,898	5	1.94%
University of Chicago	-		-	11,932	6	1.80%
701 International Pkwy Dev Co	-		-	10,868	7	1.64%
Recoton	-		-	10,700	8	1.61%
600 International Pkwy Dev Co	-		-	10,507	9	1.58%
HIBC Dev Corp	-		-	9,728	10	1.47%
<b>Totals</b>	<b>\$ 409,264</b>		<b>20.42%</b>	<b>\$ 197,918</b>		<b>29.85%</b>

Source: Seminole County Property Appraiser (www.scpaf.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
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%	31	6,547	96.11%
2007	7,994	7,656	95.77%	-	7,656	95.77%

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

Fiscal Year Ended September 30,	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income <sup>2</sup>	Per Capita
	Refunding Revenue Bonds <sup>3</sup>	Revenue Bonds	Water Revenue Bonds <sup>1</sup>				
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	1.61%	516	
2007	11,410	-	-	11,410	2.54%	799	

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 2003 which included a new issue of \$4 million, and again in 2007 which included a new issue of \$5 million.

**City of Lake Mary, Florida**  
**Direct and Overlapping Governmental Activities Debt**  
**As of September 30, 2007**  
**(amounts expressed in thousands)**

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Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>1</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping Debt:			
Seminole County General Obligation Debt	\$ 23,415	6.71%	\$ 1,572
Subtotal, overlapping debt			
Direct Debt:			
City of Lake Mary General Obligation Debt <sup>2</sup>	-	100%	-
Total direct and overlapping debt	<u>\$ 23,415</u>		<u>\$ 1,572</u>

Sources:

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

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

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

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

**General Government**

Fiscal Year Ended Sept 30,	Public Service Taxes	Half-Cent Sales Tax	Electric Franchise Fees <sup>1</sup>	Total Revenue Available for Debt Service	Maximum Annual Debt Service	Coverage	Coverage without Franchise Fees
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
2007	4,120,209	1,014,458	1,740,485	6,875,152	815,235	8.43 x	6.30 x

**Water Revenue Bonds**

Fiscal Year Ended Sept 30,	Gross Revenues <sup>2</sup>	Operating Expenses <sup>3</sup>	Net Revenue Available for Debt Service	Debt Service Requirements <sup>4</sup>			Coverage
				Principal	Interest	Total	
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
2007	3,835,242	2,434,197	1,401,045	4	4	4	n/a

Notes:

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

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

Fiscal Year	Population <sup>1</sup>	Personal Income (amounts expressed in thousands)	Per Capita Personal Income <sup>1</sup>	Median Age <sup>1</sup>	Education Level in Years of Formal Schooling <sup>1</sup>	School Enrollment <sup>3</sup>	Unemployment Rate <sup>4</sup>
1998	9,409	\$ *	\$ *	*	*	740	2.6%
1999	10,222	*	*	*	*	750	2.9%
2000	10,658	297,912	27,952	37.1	13.95	731	2.6%
2001	12,359	*	*	*	*	579	3.6%
2002	12,964	*	*	*	*	771	5.0%
2003 <sup>2</sup>	13,163	404,696	30,745 <sup>2</sup>	38.2 <sup>2</sup>	13.95	1,444	4.5%
2004	13,792	440,241	31,920	38.6	13.93	1,354	4.3%
2005	13,922	417,702	30,003	39.1	13.51	1,314	3.5%
2006	14,020	448,472	31,988	39.6	14.18	1,853	3.1%
2007	14,288	448,972	31,423	40.1	14.15	2,204	4.0%

\* 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; Crystal Lake Elementary added 2006; Cambridge Prep added 2007
- 4 US Department of Labor, Bureau of Labor Statistics

Note: Symantac had 864 employees 9/30/06

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

Employer	2007 <sup>1</sup>			1998 <sup>2</sup>		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Symantac	864	1	2.47%	*	*	*
Fiserv	714	2	2.04%	*	*	*
Cingular Wireless	700	3	2.00%	*	*	*
Bank of New York Investments	617	4	1.76%	*	*	*
AIG Marketing	601	5	1.72%	*	*	*
Wells Fargo Home Mortgage	522	6	1.49%	*	*	*
A B B Power	366	7	1.05%	*	*	*
Hartford Insurance Group	363	8	1.04%	*	*	*
Sungard H T E Inc	356	9	1.02%	*	*	*
CuraScript	335	10	0.96%	*	*	*
Total	<u>2,172</u>		<u>5.55%</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**

Full-time Equivalent Employees as of September 30,

<b>Function</b>	<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>	<u>2007</u>
General Government	20	16	21	23	24	24	23	25	26	27
Public Safety:										
Police										
Sworn Officers	26	26	31	33	31	35	35	36	36	39
Non sworn officers	2	2	2	1	1	1	1	1	1	1
Civilians <sup>1</sup>	10	12	13	13	12	16	17	15	16	18
Fire										
Firefighters and officers	15	15	15	20	21	20	20	29	38	38
Building & Life Safety <sup>2</sup>	10	14	17	16	16	17	17	17	17	18
Civilians <sup>3</sup>	-	1	1	1	1	1	1	1	1	2
Public Works	15	16	16	18	18	17	19	19	19	20
Parks and Recreation	16	14	18	18	18	14	17	18	22	25
<b>Total</b>	<u>114</u>	<u>116</u>	<u>134</u>	<u>143</u>	<u>142</u>	<u>145</u>	<u>150</u>	<u>161</u>	<u>176</u>	<u>188</u>

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; 2nd Administrative Assistant added 2007 (75%).



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

Function	Fiscal Year			
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
<b>Police</b>				
Auto Accidents	983	995	1,031	1,048
Physical arrests	372	505	449	378
Criminal Investigations Conducted	468	550	544	575
Total Calls for Service	19,789	20,481	24,521	25,309
911 Calls Received	3,504	3,760	3,865	3,894
Evidence Processed (pieces)	932	932	960	1,217
<b>Fire &amp; Life Safety</b>				
Total Permits Issued	3,882	4,125	3,962	3,904
Construction inspections	10,449	9,072	10,828	10,578
Public Education Programs	57	57	56	76
Number of emergency calls answered	1,736	2,098	2,089	2,687
Medical Transports	**	**	**	100
<b>Highways and streets</b>				
Streets paved (miles)	3.0	7.0	3.0	2.0
Streets resurfaced (tons/asphalt)	74.0	55.0	75.0	54.0
Sidewalks/bike paths built or repaired (feet)	1,938	3,065	305	1,193
<b>Culture and recreation</b>				
Sports Complex ball games & field rentals	1,150	1,375	1,425	1,407
Tennis membership	**	**	**	**
<b>Water</b>				
New connections	535	535	150	196
Number of customers	4,040	4,344	4,557	4,379
Water main breaks	54	50	50	60
Average daily consumption (millions of gallons)	1.50	3.80	3.78	3.78
Meter reads	41,385	50,500	49,715	52,326
<b>General Government</b>				
Employment applications received	500	600	300	930
Personnel actions processed	175	200	430	431
Legal Notices published	141	134	125	95
Occupational Licenses issued	755	746	732	1,081
Accidents & Injuries reviewed	69	80	75	90
Land Use amendments & rezonings	28	28	12	18
License/Permit Reviews	1,277	1,298	1,170	1,032
Employee paychecks issued	3,015	3,060	3,487	3,425
Checks deposited	46,644	50,137	52,806	52,487
A/P Checks issued	3,472	3,462	3,753	3,999
Purchase orders/EPO's processed	2,378	2,467	1,635	1,565
Purchasing Card Transactions	**	**	**	**

Source: City of Lake Mary Departmental Monthly Reports

Notes

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

Fiscal Year					
<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
1,032	1,035	1,087	1,030	907	768
345	490	515	531	486	446
449	528	304	756	770	624
28,644	30,392	31,784	31,122	38,654	52,381
4,331	5,407	4,904	5,076	5,408	6,296
898	1,186	1,712	1,522	1,614	2,229
3,283	3,022	2,309	2,417	3,556	2,056
7,384	7,627	7,816	7,833	9,532	6,191
111	274	155	98	100	161
2,815	2,923	3,175	3,463	3,829	4,302
953	1,043	1,070	1,217	1,260	1,331
2.0	0.9	3.9	1.7	0.8	9.5
72.0	45.0	51.3	49.5	62.8	66.7
802	2,306	2,048	1,679	1,674	1,924
1,339	1,441	1,342	1,430	1,417	1,029
125	110	120	126	134	144
170	125	104	48	134	123
4,465	4,645	4,736	4,783	4,884	4,991
75	57	85	78	64	60
3.58	2.77	3.62	3.78	3.88	3.81
56,425	55,143	55,982	57,082	57,913	59,497
506	774	737	749	640	1,308
400	473	457	485	546	567
91	119	106	96	80	87
829	1,188	1,359	1,565	1,898	1,843
104	52	60	66	70	53
10	22	23	21	29	28
461	958	1,046	1,112	1,707	1,160
3,773	3,916	3,940	4,540	4,526	4,804
50,598	51,377	51,592	47,095	46,815	43,907
3,595	3,916	3,763	4,039	2,938	2,767
1,563	1,673	1,629	1,890	1,081	833
**	**	**	**	2,249	2,552

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

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Function	Fiscal Year			
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Public safety				
Police:				
Stations	1	1	1	1
Patrol units	30	30	33	33
Fire stations	1	1	1	1
Highways and streets				
Streets - paved (miles)	26.00	44.05	44.05	44.05
Streets - unpaved (miles)	15.00	6.60	6.60	6.60
Street lights	*	*	*	*
Traffic Signals	8	8	8	8
Culture and recreation				
Park acreage	35	39	39	39
Parks	7	8	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	95.8	97.1	97.9
Fire hydrants	303	502	565	565
Maximum daily capacity (millions of gallons)	4.36	4.84	4.84	4.84
Sewer				
Sanitary sewers (miles)	9.00	19.30	19.30	19.30
Storm sewers (miles)	*	*	*	*

Source: City of Lake Mary Departmental Monthly Reports

Notes

\* Information not available

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Fiscal Year						
<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	
1	1	1	1	1	1	1
34	36	37	39	39	41	
1	1	1	1	2	2	
47.23	47.23	50.38	50.38	54.10	55.79	
3.42	3.42	3.42	3.42	2.67	2.46	
*	893	917	920	920	934	
8	8	8	10	10	12	
39	39	39	39	39	39	
8	8	8	8	8	9	
9	9	9	9	9	9	
1	1	1	2	2	2	
1	1	1	1	1	1	
101.0	101.0	102.6	103.0	108.6	108.6	
595	595	612	716	823	823	
12.96	12.96	12.96	12.96	12.96	12.96	
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	
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%
2007	1,121,204	745,115	179,821	1,793	58,270	17,602	16.7%

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	
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%
2007	611,558	695,510	19,875	5,412	38,965	13,857	13.7%

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 Commissioners  
*City of Lake Mary, Florida*

We have audited the financial statements of *City of Lake Mary, Florida*, as of and for the year ended September 30, 2007, and have issued our report thereon dated April 8, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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

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

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

MCDIRMIT DAVIS & COMPANY, LLC  
605 E. ROBINSON STREET, SUITE 635 • ORLANDO, FLORIDA 32801  
TELEPHONE 407-843-5406 • FAX 407-649-9339 • EMAIL: [INFO@MCDIRMITDAVIS.COM](mailto:INFO@MCDIRMITDAVIS.COM)

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's 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 or other matters 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.

*McDiernit Davis & Company, LLC*

April 8, 2008

**MANAGEMENT LETTER**

Honorable Mayor and City Commissioners  
*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, 2007, and have issued our report thereon dated April 8, 2008.

We conducted our audit in accordance with United States generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated April 8, 2008 should be considered in conjunction with this management letter.

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

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial audit report.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the *City of Lake Mary, Florida* complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any findings and recommendations to improve financial management, accounting procedures, and internal controls. In connection with our audit, we have no current year comments.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

MCDIRMIT DAVIS & COMPANY, LLC  
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- Section 10.554(1)(i)5., Rules of the Auditor General, requires based on professional judgement, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information has been disclosed in the notes to the financial statements.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the *City of Lake Mary, Florida* did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the *City of Lake Mary, Florida* for the fiscal year ended September 30, 2007, 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, 2007. We determined that these two reports are in agreement.
- Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, require that we apply financial condition assessment procedures. In connection with our audit, we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

*McDermitt Davis & Company, LLC*

April 8, 2008