

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
of the  
CITY OF LAKE MARY  
FLORIDA  
FISCAL YEAR ENDED  
September 30, 2010**



PREPARED BY THE  
FINANCE DEPARTMENT



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**CITY OF LAKE MARY, FLORIDA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**  
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# *City of Lake Mary*

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**John C. Litton**  
City Manager

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March 17, 2011

To the Honorable Mayor, 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, 2010. This document 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 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, to the best of our knowledge and belief that 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, 2010, 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 their examination, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended September 30, 2010, 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 9.9 square miles with an estimated population of 14,559. Land uses within Lake Mary consist primarily of single-family residential neighborhoods, retail businesses, Class A office space, light manufacturing and high-tech industries. Most developments over the past ten years have had a mixed use component.

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 maintenance and construction; recreational facilities management to include programming for all ages; parks maintenance; fleet services; and all components of the water, wastewater and storm water utility systems.

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, in coordination with the Finance Department, uses them as the starting point in 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<sup>st</sup> of each year. The City Commission must hold public hearings on the proposed budget and adopt a final budget by September 30<sup>th</sup> which is 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 Combining and Individual Fund Statements and Schedules subsection of this report.

### **Local economy**

Even though the City of Lake Mary is still ranked as the number one small city in Florida (population under 50,000) in which to live as reported by CNN/Money Magazine, we continue to feel the effects of both the national and state economies and the corresponding real estate market where property values dropped again by \$245,418,437. From an aesthetic perspective, foreclosures continue to be a challenge although the ordinance adopted last year requiring mortgage holders to register these properties and perform periodic yard maintenance has resulted in a significant drop in the number of complaints.

The City continues to have the lowest ad valorem tax rate in Seminole County when you consider the Municipal Services Taxing Unit (MSTU) that some cities collect for fire services thanks in part to our five-year budget which is a key component in our financial planning. With the exception of some cost saving products, emergencies or legislative mandates, we have stuck to that plan regardless of declining revenues. Commercial and residential property taxes in Lake Mary continue to be about 50/50 with a slight trend toward the business side. Although it appears that the number of home sales is up over last year, property values continue to drop at unprecedented levels leaving the city with a significantly reduced revenue stream from real estate values. So far the City has been able to survive the declining market storm without implementing new revenue streams because we were forward thinking during the good times to save those dollars to be used during the down years which we are experiencing today. We have not had to lay off or furlough any employees, but continue to look at each and every position that becomes vacant to make sure it needs to be filled. As a result of this exercise, we have eliminated seven full-time and five part-time positions through attrition without decreasing any service levels to include Public Safety.

### **Governmental Funds Financial Summary**

As shown in the table below, a comparison of governmental fund revenue trends between Fiscal Years 2009 and 2010 depicts a decrease in property tax revenues related to a decrease in the valuation of existing properties. Franchise fee and utility tax collections decreased some 3% due to a rate reduction by Progress Energy and the number of vacant homes for which no utility taxes were received during the year. Licenses and permits reflect a decrease over the prior year consistent with a reduction in construction related activities as were impact fees and assessment revenues. The large increase in Intergovernmental revenues is attributable to the three American Recovery & Reinvestment Act (ARRA) grants received for the resurfacing of International Parkway and Rinehart Road, which are

two of the City's major roadways. Increased revenues for Charges for Services reflect an increase in Events Center rentals as well as increased collections of rescue transport fees. Investment earnings decreased by 41% reflective of the continued record low investment earnings environment. Fines and Forfeitures receipts have continued to drop year after year since the implementation of the hearing officer system for court cases, however, a single receipt of \$71,990 related to a regional Drug Enforcement Task Force case increased that category for FY2009.

**Governmental Funds Revenue Trends**

(amounts shown in the thousands)

|                             | 2009<br>Total    | 2010<br>Total    | Increase /<br>(Decrease) | % Increase /<br>(Decrease) |
|-----------------------------|------------------|------------------|--------------------------|----------------------------|
| <b>Revenues</b>             |                  |                  |                          |                            |
| Property taxes              | \$ 7,919         | \$ 7,325         | \$ (594)                 | -8%                        |
| Franchise and utility taxes | 6,938            | 6,736            | (202)                    | -3%                        |
| Licenses/Permits            | 706              | 625              | (81)                     | -11%                       |
| Intergovernmental           | 2,131            | 3,849            | 1,718                    | 81%                        |
| Charges for services        | 1,047            | 1,232            | 185                      | 18%                        |
| Impact fees/assessments     | 52               | 51               | (1)                      | -2%                        |
| Fines and forfeitures       | 217              | 122              | (95)                     | -44%                       |
| Investment earnings         | 654              | 386              | (268)                    | -41%                       |
| Miscellaneous               | 135              | 196              | 61                       | 45%                        |
| Total Revenue               | <u>\$ 19,799</u> | <u>\$ 20,522</u> | <u>\$ 723</u>            |                            |

An increase in General Government costs are related to the first full year of operation of a new Facilities Maintenance Division. Most of the expenditures related to this function were cost reductions in other departments. Expenditures increased by some 152% for Public Works activities as the City utilized ARRA grant funds for the resurfacing its two major roadways. The small decreases in Public Safety and Parks and Recreation are the result of carefully controlling personnel costs to include a change in overtime policy and providing more opportunities for employees to utilize flex time Capital outlay increased by some 41% related to the purchases of land for the purposes of future downtown development. Debt Service costs did not change.

**Governmental Funds Expenditure Trends**

(amounts shown in the thousands)

|                      | 2009<br>Total    | 2010<br>Total    | Increase /<br>(Decrease) | % Increase /<br>(Decrease) |
|----------------------|------------------|------------------|--------------------------|----------------------------|
| <b>Expenditures</b>  |                  |                  |                          |                            |
| General government   | \$ 3,067         | \$ 3,208         | \$ 141                   | 5%                         |
| Public works         | 961              | 2,421            | 1,460                    | 152%                       |
| Public safety        | 9,951            | 9,452            | (499)                    | -5%                        |
| Parks and recreation | 2,084            | 1,991            | (93)                     | -4%                        |
| Capital outlay       | 854              | 1,201            | 347                      | 41%                        |
| Debt service         | 1,621            | 1,621            | -                        | 0%                         |
| Total Expenditures   | <u>\$ 18,538</u> | <u>\$ 19,894</u> | <u>\$ 1,356</u>          |                            |

## **Long-term financial planning**

The City of Lake Mary currently has no debt in its Water and Sewer Fund. However, the City Commission has discussed retrofitting sanitary sewer in some subdivisions built prior to 1995 which now have septic systems. Unfortunately, reclaimed water has become a valued commodity making it more and more expensive to the consumer and thus not the attractive option to potable water that it was just three years ago.

The City continues to be impacted by increased costs in those areas related to simply maintaining our current commitments. Examples include utilities, fuel, and technology costs. Despite having no labor unions, Lake Mary is committed to compensating its employees with 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 budget is an essential component of the stability of the ad valorem tax rate which remained unchanged for FY2010, leaving Lake Mary with the lowest total millage rate of the seven cities in Seminole County.

It is the policy of the City, 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 and that the net assets of the Enterprise Funds are above 25% of current year expenditures. Resolution 800 provides the specific policy for these reserve requirements.

## **Major initiatives**

We continue to focus on redevelopment of our downtown which we all see as a future economic engine for our city. The on again off again commuter rail is now full speed ahead with a planned stop in Lake Mary beginning in 2013. We are already working on ways to insure the corresponding station, as well as the rest of the downtown, become not just a stop, but a destination. However, time is of the essence and our goal is to be ready when that day finally arrives. To that end, the City Commission has approved a Transit Oriented Development (TOD) plan which in effect provides an opportunity for both infill development and the future integration of existing rail infrastructure. While the Commission has now accepted associated development standards that will certainly help potential developers realize a higher return on their investment, we still face infrastructure challenges to include parking and stormwater detention/retention. That's why it is so important that the City not just sit by and watch from the sidelines, but truly become a partner in helping both the current downtown area and those properties to the east of the existing tracks become a true TOD where people of all ages can live, work and play in a community that has it all! To that end we have also acquired some 2.8 contiguous acres from some five individual property owners in the TOD which are available for sale or can be used as part of infrastructure solutions.

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 progress is Sand Pond Road to Emma Oaks Trail via Skyline Drive. Approximately 18% of that project is new roadway which provides the connectivity allowing for a smoother flow of traffic and improved Public Safety access to the area. 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. The project is funded with 2nd Generation One-Cent Sales Tax dollars through Seminole County.

## **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lake Mary for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2009. This was the eighteenth consecutive year that the City of Lake Mary has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

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

In closing, special thanks go to the Mayor and Commission for their unyielding support and steadfast commitment to maintaining the financial integrity of the City. With their leadership, 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, 2009

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

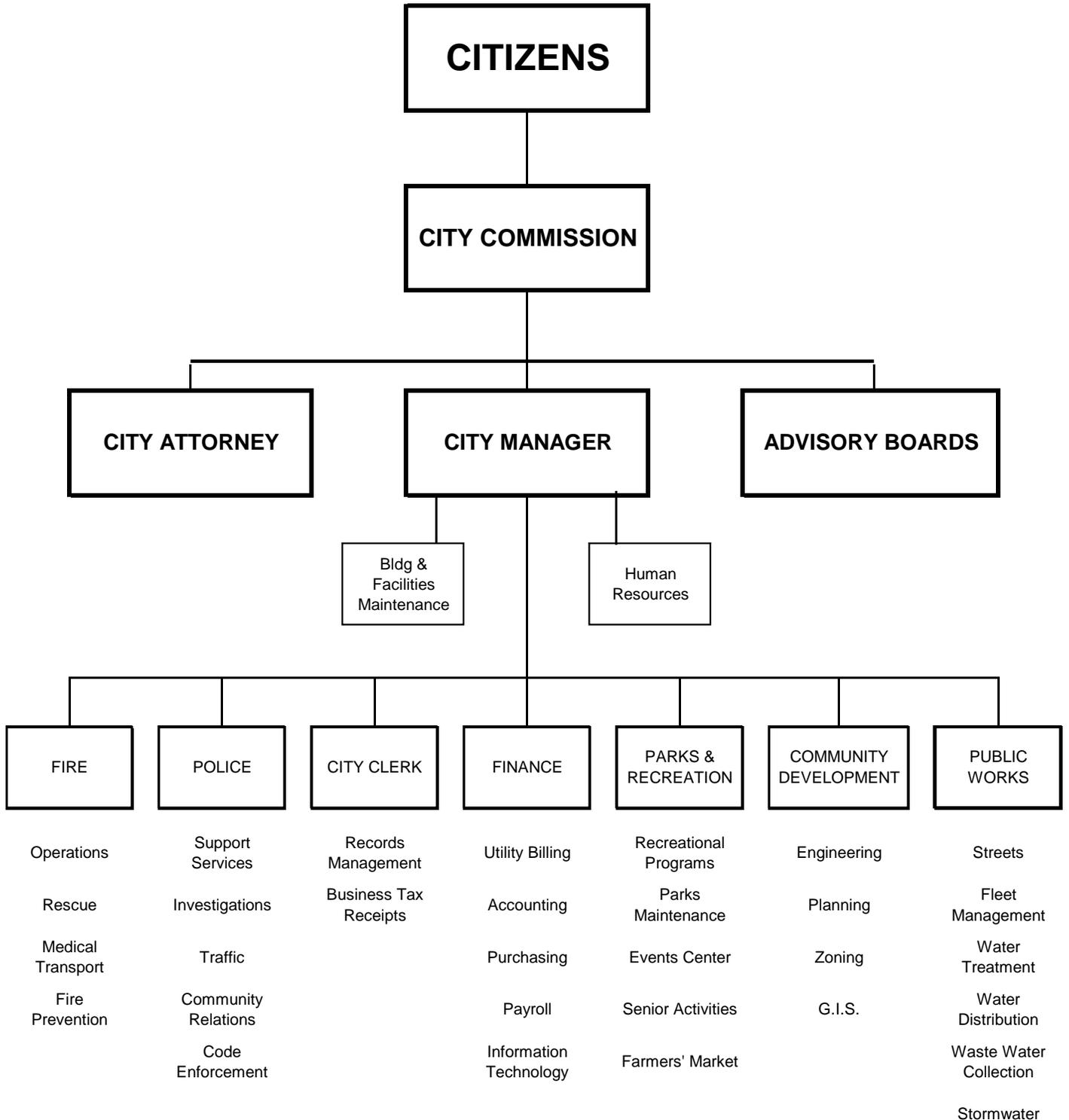


President

Executive Director

# CITY OF LAKE MARY, FLORIDA

## ORGANIZATIONAL CHART



**CITY OF LAKE MARY, FLORIDA  
PRINCIPAL CITY OFFICIALS  
SEPTEMBER 30, 2010**

**CITY COMMISSION**

David Mealor, Mayor

Gary L. Brender, Deputy Mayor  
Shirley Gray

George F. Duryea  
Jo Ann Lucarelli

**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 Council  
*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*, (the "City") as of and for the year ended September 30, 2010, 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 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the *City of Lake Mary, Florida*, as of September 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2011, on our consideration of the *City of Lake Mary, Florida's* internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

**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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and other postemployment benefit information on pages 13 through 23 and 65 through 66, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the *City of Lake Mary, Florida's* financial statements as a whole. 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 financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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*

February 14, 2011

**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2010**

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, 2010. 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, 2010 by \$91,726,763 (net assets). Of this amount, \$32,117,886 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$2,102,735 (or 2.3%) due primarily to an increase in current and other assets. Governmental total net assets increased by \$1,892,905 (or 3.4%) while business-type activities increased by \$209,830 (or 0.6%).
- As of the close of the current fiscal year, the City of Lake Mary's governmental funds reported combined ending fund balances of \$18,895,083, an increase of \$1,477,803 in comparison with the prior year. Approximately 87.5% of this amount, or \$16,529,766, 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 \$15,140,609, or 89.5% of total expenditures and transfers out.
- Net Assets of the Police Officers' and Firefighters' Pension Trust Funds increased by \$1,024,380 and \$1,297,577 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.

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

**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2010**

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.

During fiscal year 2010, the City utilized fifteen 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 thirteen 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 most 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.

**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 \$91,726,763 at the close of fiscal year ended September 30, 2010. At the end of fiscal year 2010, the City

**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2010**

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                |                      |
|--|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
|  | 2010                    | 2009                 | 2010                     | 2009                 | 2010                 | 2009                 |
| Current and other assets                                   | \$ 22,840,778           | \$ 21,008,837        | \$ 13,651,904            | \$ 13,594,896        | \$ 36,492,682        | \$ 34,603,733        |
| Restricted assets  | 325,409                 | 267,849              | 929,008                  | 915,111              | 1,254,417            | 1,182,960            |
| Capital assets   | 45,321,103              | 46,319,645           | 19,854,855               | 20,119,268           | 65,175,958           | 66,438,913           |
| Total assets   | <u>68,487,290</u>       | <u>67,596,331</u>    | <u>34,435,767</u>        | <u>34,629,275</u>    | <u>102,923,057</u>   | <u>102,225,606</u>   |
| Current liabilities  | 1,099,134               | 908,518              | 261,257                  | 670,882              | 1,360,391            | 1,579,400            |
| Non-current liabilities outstanding                        | 8,345,409               | 9,547,849            | 294,897                  | 294,447              | 8,640,306            | 9,842,296            |
| Other liabilities (comp abs & opeb)                        | 1,120,544               | 1,110,666            | 75,053                   | 69,216               | 1,195,597            | 1,179,882            |
| Total liabilities  | <u>10,565,087</u>       | <u>11,567,033</u>    | <u>631,207</u>           | <u>1,034,545</u>     | <u>11,196,294</u>    | <u>12,601,578</u>    |
| Net assets invested in capital assets, net of related debt | 37,301,103              | 37,039,645           | 19,854,855               | 20,119,268           | 57,155,958           | 57,158,913           |
| Net assets restricted for capital improvement              | 1,818,808               | 2,592,495            | 634,111                  | 620,664              | 2,452,919            | 3,213,159            |
| Unrestricted net assets                                    | 18,802,292              | 16,397,158           | 13,315,594               | 12,854,798           | 32,117,886           | 29,251,956           |
| Total net assets   | <u>\$ 57,922,203</u>    | <u>\$ 56,029,298</u> | <u>\$ 33,804,560</u>     | <u>\$ 33,594,730</u> | <u>\$ 91,726,763</u> | <u>\$ 89,624,028</u> |

The largest portion of the City's net assets \$57,155,958 or 62.3% 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 capital asset to net asset ratio was 63.8% in the prior year. A major capital contribution of land was returned to the original benefactor after it was determined the covenants of the agreement were unable to be maintained as required. It should be noted that in accordance with GASB 34, the City includes all infrastructure assets within the government wide statement of net assets. An additional portion of the City's net assets (2.7%) represents resources that are subject to external restrictions on how 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.

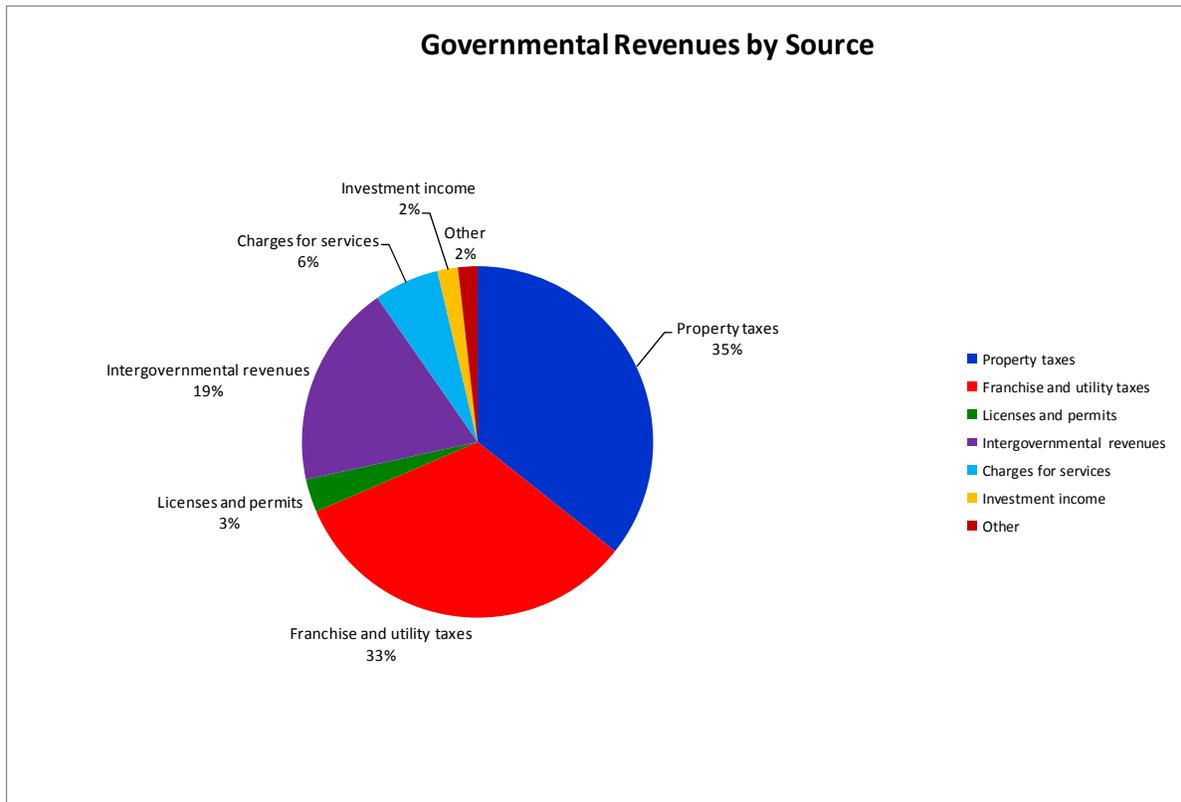
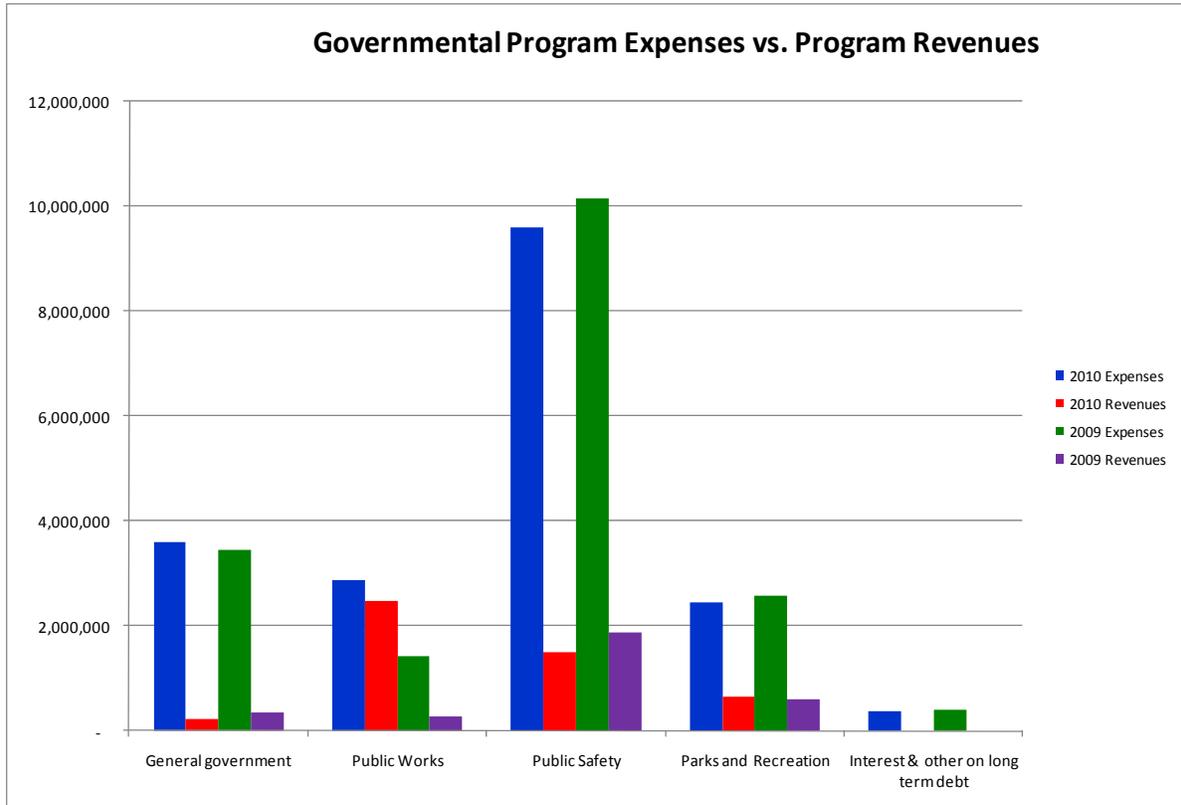
Unrestricted net assets for governmental activities increased by \$2,405,134, due to the overall increase in current & other assets and restricted assets with a reduction in assets restricted for capital improvement. Unrestricted net assets increased for business-type activities by \$460,796 due in large part to a reduction of current liabilities.

**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2010**

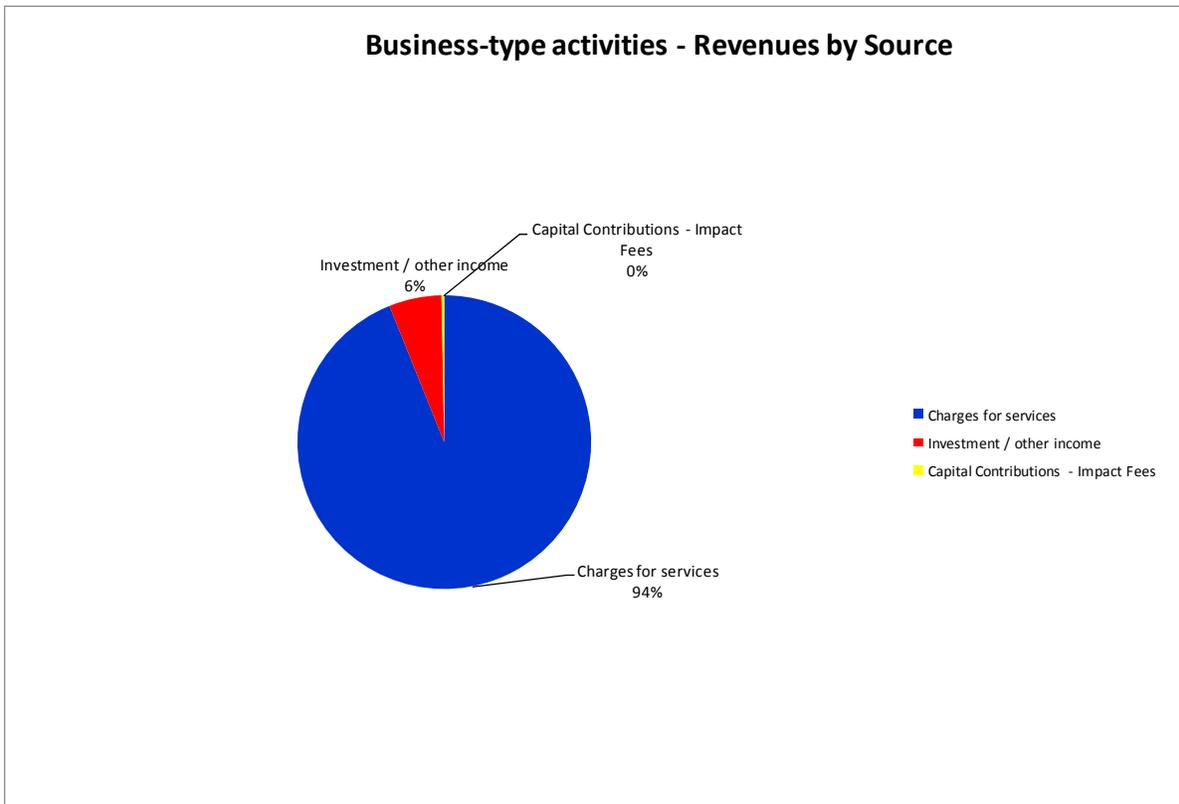
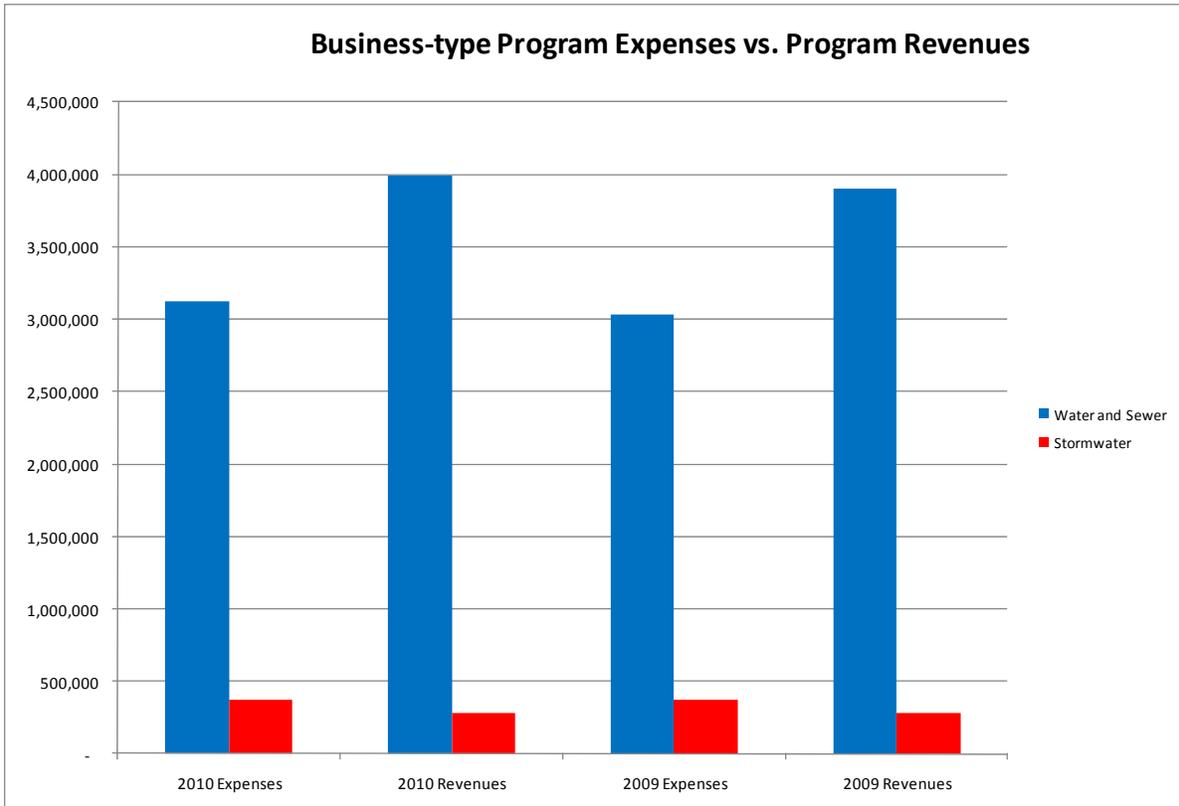
Changes In Net Assets  
For the Year Ended September 30,

|  | Governmental Activities |               | Business-type Activities |               | Total         |               |
|--|-------------------------|---------------|--------------------------|---------------|---------------|---------------|
|  | 2010                    | 2009          | 2010                     | 2009          | 2010          | 2009          |
| Revenues:  |                         |               |                          |               |               |               |
| Program revenues:                                  |                         |               |                          |               |               |               |
| Charges for services                               | \$ 2,029,896            | \$ 2,031,738  | \$ 4,275,752             | \$ 4,188,023  | \$ 6,305,648  | \$ 6,219,761  |
| Operating grants and contributions                 | 603,840                 | 916,509       | -                        | -             | 603,840       | 916,509       |
| Capital grants and contributions                   | 2,236,484               | 184,807       | 13,417                   | 39,679        | 2,249,901     | 224,486       |
| General revenues:                                  |                         |               |                          |               |               |               |
| Property taxes                                     | 7,325,514               | 7,918,725     | -                        | -             | 7,325,514     | 7,918,725     |
| Other taxes  | 6,735,676               | 6,938,509     | -                        | -             | 6,735,676     | 6,938,509     |
| Other revenues                                     | 990,466                 | 1,808,858     | 264,134                  | 464,502       | 1,254,600     | 2,273,360     |
| Total revenues                                     | 19,921,876              | 19,799,146    | 4,553,303                | 4,692,204     | 24,475,179    | 24,491,350    |
| Expenses:  |                         |               |                          |               |               |               |
| General government                                 | 3,591,426               | 3,457,093     | -                        | -             | 3,591,426     | 3,457,093     |
| Public works                                       | 2,866,726               | 1,415,428     | -                        | -             | 2,866,726     | 1,415,428     |
| Public safety                                      | 9,605,110               | 10,145,667    | -                        | -             | 9,605,110     | 10,145,667    |
| Parks and recreation                               | 2,449,242               | 2,562,519     | -                        | -             | 2,449,242     | 2,562,519     |
| Interest and other on long term debt               | 366,467                 | 410,885       | -                        | -             | 366,467       | 410,885       |
| Water and sewer                                    | -                       | -             | 3,119,246                | 3,032,491     | 3,119,246     | 3,032,491     |
| Stormwater   | -                       | -             | 374,227                  | 374,134       | 374,227       | 374,134       |
| Total expenses                                     | 18,878,971              | 17,991,592    | 3,493,473                | 3,406,625     | 22,372,444    | 21,398,217    |
| Increase (decrease) in net assets before transfers | 1,042,905               | 1,807,554     | 1,059,830                | 1,285,579     | 2,102,735     | 3,093,133     |
| Transfers  | 850,000                 | 905,000       | (850,000)                | (905,000)     | -             | -             |
| Increase (decrease) in net assets                  | 1,892,905               | 2,712,554     | 209,830                  | 380,579       | 2,102,735     | 3,093,133     |
| Net assets - October 1                             | 56,029,298              | 53,316,744    | 33,594,730               | 33,214,151    | 89,624,028    | 86,530,895    |
| Net assets - September 30                          | \$ 57,922,203           | \$ 56,029,298 | \$ 33,804,560            | \$ 33,594,730 | \$ 91,726,763 | \$ 89,624,028 |

**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2010**



**CITY OF LAKE MARY, FLORIDA  
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**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2010**

**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 a matter of policy, the City has a very conservative budgeting strategy. A large increase in public works spending reflects the \$1,455,628 of road resurfacing funded by 3 ARRA grants. Overall, the City continues to remain on solid financial footing and results of operations are as expected in all funds.

As of September 30, 2010, the City's governmental funds reported combined ending fund balances of \$18,895,083, an increase of \$1,477,803 compared with the prior year. Approximately 87.5 percent of fund balance, or \$16,529,766 constitutes unreserved fund balance, which is available for spending at the City's discretion. The remainder of fund balance, \$2,365,317, 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, 2010, the unreserved fund balance of the General Fund was \$15,140,609 while the total fund balance was \$15,145,583. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 89.5 percent of total General Fund expenditures and transfers out, while total fund balance represents 89.5 percent of that same amount.

The fund balance of the City's General Fund increased \$1,770,291 during the fiscal year. This increase in fund balance can be attributed to a modest reorganization along with attrition and a change in overtime policy, which reduced personnel costs across the board. In addition, it should be noted that no transfer was made to Capital Projects Fund during FY10.

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

|                                       | 2010                 | 2009                 |
|---------------------------------------|----------------------|----------------------|
| <b>REVENUES</b>                       |                      |                      |
| Taxes                                 | \$ 14,061,190        | \$ 14,857,234        |
| Licenses and permits                  | 625,295              | 705,970              |
| Intergovernmental revenues            | 3,848,816            | 2,130,670            |
| Charges for services/fines            | 1,353,589            | 1,264,412            |
| Impact fees/assessments               | 51,012               | 51,840               |
| Investment and other income           | 581,974              | 789,020              |
| Total revenues                        | <u>20,521,876</u>    | <u>19,799,146</u>    |
| <b>EXPENDITURES</b>                   |                      |                      |
| General government                    | 3,675,343            | 3,862,090            |
| Public works                          | 3,060,418            | 963,649              |
| Public safety                         | 9,546,061            | 10,007,676           |
| Parks and recreation                  | 1,990,882            | 2,083,613            |
| Debt service                          | 1,621,369            | 1,620,787            |
| Total expenditures                    | <u>19,894,073</u>    | <u>18,537,815</u>    |
| over(under) expenditures              | <u>627,803</u>       | <u>1,261,331</u>     |
| <b>OTHER FINANCING SOURCES (USES)</b> |                      |                      |
| Transfers in                          | 2,964,589            | 3,735,138            |
| Transfers out                         | (2,114,589)          | (2,830,138)          |
| Total other financing source (use)    | <u>850,000</u>       | <u>905,000</u>       |
| Net change in fund balances           | <u>1,477,803</u>     | <u>2,166,331</u>     |
| Fund balances - beginning             | <u>17,417,280</u>    | <u>15,250,949</u>    |
| Fund balances - end                   | <u>\$ 18,895,083</u> | <u>\$ 17,417,280</u> |

**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2010**

General Capital Projects Fund provides for the purchase of equipment, major maintenance projects and construction and/or purchase of general capital assets. The Capital Projects Fund is traditionally funded through transfers from the General Fund based on approved projects. In Fiscal Year 2010, there was no transfer from the General Fund, with residual fund balance being utilized for operations.

**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, 2010, unrestricted net assets of the Water and Sewer Fund amounted to \$12,645,858, unrestricted net assets of the Stormwater Utility Fund were \$669,736, and net assets restricted for capital improvement in the Water and Sewer Fund were \$634,111. Increase in net assets was \$209,830 over the prior year. A small increase (just under 3 percent) was shown in Water and Sewer expenses, combined with an equally small increase (2.1 percent) in charges for service and a 43 percent reduction in other revenues was partially offset by 6 percent reduction in transfers out.

**General Fund Budgetary Highlights**

During fiscal year 2010, General Fund budget was amended to increase miscellaneous donations to account for a \$7,347 receipt from the Senior Shred-a-thon to fund various Senior Center activities and \$13,449 increase in state grant revenues awarded to public safety for police equipment. General government expenditures were amended to recognize a potential liability requested from the FEMA closeout of the 2004 Hurricane Grants. This liability is currently under appeal.

Final amended General Fund appropriations were \$18,613,043, and actual expenditures (budgetary basis) \$16,915,467. General Fund revenues exceeded the original budget by \$1,066,012, or 6.4 percent. The significant general fund budget to actual variance is summarized by the following:

- City reported a positive variance of \$677,699 in Electric Utility Tax and Franchise Fee revenue due in part to conservative budgeting and an increase in the number of properties occupied in Lake Mary Landings as well as rate structure changes from power companies.
- Communications Service tax revenue fell short of projections by \$116,805, due in part to the current economic environment and consumers' election to reduce redundant land line telephone service and rely solely on cellular service.
- \$340,375 positive variance in Charges for Services can be attributed in part to an increase in Events Center revenues of \$115,931 due primarily to increased rental opportunities and fee increases, and a positive variance of \$124,725 in rescue transport fees and an additional \$76,202 in police services.

Actual expenditures were less than amended appropriations by \$1,697,576, a variance of 10.3 percent, due to a reduction in overtime costs, the result of a policy change, reductions in workforce due to attrition, reductions in property and liability insurance premiums, lower than expected fuel costs and a restructuring within the police department.

Transfers to other funds were:

- \$ 235,000 to the Cemetery Fund
- \$1,836,554 to Debt Service Funds

**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2010**

**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, 2010, amounts to \$65,175,958 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, water and sewer system, stormwater system, intangible assets, infrastructure, vehicles and equipment. The total net decrease in the City's investment in capital assets for the current fiscal year was \$1,262,955 which includes depreciation expense of \$2,947,719 as well as the return of contributed land for \$600,000.

Major capital assets completed or acquired during the current fiscal year included the following:

Downtown Land Acquisition, current year costs of \$336,701.

Purchase of land under infrastructure for Sand Pond/Skyline Drive improvements of \$485,887.

Replacement vehicles \$658,636.

Central Park LED Message Board; \$30,273.

Computer Equipment for \$13,326.

Cemetery Paver driveway \$20,254.

Exchange server software for \$15,618.

Reclaimed water connection at Reserve at Lake Mary for a cost of \$7,415.

Reclaimed water engineering for Hills of Lake Mary at a cost of \$87,238.

Cold Mix paving of \$313,650.

Major capital assets included in Construction in Progress:

Lake Mary By-Pass Study, FY10 costs of \$49,446 for a total of \$334,996.

Sand Pond/Skyline Dr improvements, current costs of \$153,580 for a total of \$283,272.

Police Department Access Control, \$88,499.

Relocate meter services, current costs of \$60,604.

**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2010**

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

|                              | Governmental activities |                      | Business-type activities |                      | Total                |                      |
|------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
|                              | 2010                    | 2009                 | 2010                     | 2009                 | 2010                 | 2009                 |
| Land                         | \$ 10,308,325           | \$ 10,085,737        | \$ 39,548                | \$ 39,548            | \$ 10,347,873        | \$ 10,125,285        |
| Buildings                    | 17,089,301              | 17,971,187           | 188,800                  | 200,600              | 17,278,101           | 18,171,787           |
| Improvements other bldg      | 1,673,876               | 1,880,051            | -                        | -                    | 1,673,876            | 1,880,051            |
| Water/sewer system           | -                       | -                    | 17,698,036               | 18,111,205           | 17,698,036           | 18,111,205           |
| Stormwater system            | -                       | -                    | 1,816,620                | 1,688,033            | 1,816,620            | 1,688,033            |
| Intangible assets            | 48,503                  | 46,582               | 13,418                   | 27,090               | 61,921               | 73,672               |
| Machinery and equipment      | 746,072                 | 887,601              | 37,829                   | 52,792               | 783,901              | 940,393              |
| Vehicles                     | 1,715,843               | 1,557,793            | -                        | -                    | 1,715,843            | 1,557,793            |
| Infrastructure w restatement | 13,025,471              | 13,471,001           | -                        | -                    | 13,025,471           | 13,471,001           |
| Construction in progress     | 713,712                 | 419,693              | 60,604                   | -                    | 774,316              | 419,693              |
| <b>Total</b>                 | <b>\$ 45,321,103</b>    | <b>\$ 46,319,645</b> | <b>\$ 19,854,855</b>     | <b>\$ 20,119,268</b> | <b>\$ 65,175,958</b> | <b>\$ 66,438,913</b> |

Additional information regarding 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 \$8,020,000, which consists of bonds payable. Business-type activities have no outstanding debt.

Long Term Debt  
As of September 30,

|              | Governmental activities |                     |
|--------------|-------------------------|---------------------|
|              | 2010                    | 2009                |
| PIRRB 2003   | \$ 1,800,000            | \$ 2,665,000        |
| PIRRB 2007   | 6,220,000               | 6,615,000           |
| <b>Total</b> | <b>\$ 8,020,000</b>     | <b>\$ 9,280,000</b> |

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

**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2010**

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

The local economy included employment and home value challenges reflective of those that plagued much of the nation in 2010. The unemployment rate for the City at September 30, 2010 was 11.8 percent, an increase of 0.3 percent from the prior year. The national unemployment rate for the same period was 9.6 percent. 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. This area has typically been an economic and employment stronghold for the City and is expected to thrive and expand again as the economy improves.

Owing to the decline in overall economic conditions, the taxable value of real property decreased 12.6 percent while the value of personal property declined by almost 6.0 percent in fiscal year 2010.

The City's elected and appointed officials considered many factors when adopting the fiscal year end 2011 budget. The adopted ad valorem rate of 3.6355 mills has remained the same since 2009. In keeping with Florida law, the City kept its tax rate within the growth rate in Florida per capita personal income as calculated by the State of Florida at 0.9811 percent for the same time period. The intent of this law is to provide tax relief from the increased valuations caused by the recent economic boom when tax bases grew at a rapid pace. The impact of a stable tax rate but declining property values is an anticipated \$887,331 decline in ad valorem revenues.

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 Area encompassing a recently adopted Transit Oriented Development District continues to be a focus for the community. Scheduled to proceed are efforts at additional beautification and development within the area. Included in economic development plans for continuing to attract high quality businesses to our area are opportunities for participation with incentive programs potentially including the State of Florida and Seminole County. Also on the horizon is a much anticipated commuter rail system that will have a station in the downtown district. This long-planned system is expected to be operational in 2013.

During the budget process the City officials recognized the need to consider a Stormwater Fee study to ensure that revenues can continue to match planned projects and operations.

***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, 2010**

|  | Primary Government         |                             | Total                |
|--|----------------------------|-----------------------------|----------------------|
|  | Governmental<br>Activities | Business-type<br>Activities |                      |
| <b>ASSETS</b>  |                            |                             |                      |
| Cash and cash equivalents                                    | \$ 8,041,805               | \$ 1,183,489                | \$ 9,225,294         |
| Investments  | 13,399,240                 | 11,367,539                  | 24,766,779           |
| Interest receivable  | 56,591                     | 34,523                      | 91,114               |
| Accounts receivable (net of<br>allowance for uncollectibles) | 661,199                    | 369,537                     | 1,030,736            |
| Due from other governmental units                            | 500,857                    | -                           | 500,857              |
| Unbilled service charges                                     | 905                        | 206,900                     | 207,805              |
| Special assessments - current                                | 2,791                      | 121,996                     | 124,787              |
| Inventories  | 40,487                     | 57,917                      | 98,404               |
| Prepaid items  | 6,654                      | 42,068                      | 48,722               |
| Bond issuance costs  | 49,918                     | -                           | 49,918               |
| Restricted assets:   |                            |                             |                      |
| Temporarily restricted cash or investments:                  | 325,409                    | 929,008                     | 1,254,417            |
| Pension assets   | 80,331                     | -                           | 80,331               |
| Special assessments noncurrent                               | -                          | 229,685                     | 229,685              |
| Unamortized sewer capacity                                   | -                          | 38,250                      | 38,250               |
| Capital assets not being depreciated:                        |                            |                             |                      |
| Land   | 10,308,325                 | 39,548                      | 10,347,873           |
| Construction in progress                                     | 713,712                    | 60,604                      | 774,316              |
| Capital assets net of accumulated depreciation:              |                            |                             |                      |
| Buildings  | 17,089,301                 | 188,800                     | 17,278,101           |
| Improvements other than buildings                            | 1,673,876                  | -                           | 1,673,876            |
| Water/sewer system   | -                          | 17,698,036                  | 17,698,036           |
| Stormwater system  | -                          | 1,816,620                   | 1,816,620            |
| Intangible assets  | 48,503                     | 13,418                      | 61,921               |
| Machinery and equipment                                      | 746,072                    | 37,829                      | 783,901              |
| Vehicles   | 1,715,843                  | -                           | 1,715,843            |
| Infrastructure   | 13,025,471                 | -                           | 13,025,471           |
| Total assets   | <u>68,487,290</u>          | <u>34,435,767</u>           | <u>102,923,057</u>   |
| <b>LIABILITIES</b>   |                            |                             |                      |
| Accounts payable and other current liabilities               | 989,286                    | 177,054                     | 1,166,340            |
| Unearned revenue   | 109,848                    | 84,203                      | 194,051              |
| Noncurrent liabilities:                                      |                            |                             |                      |
| Liabilities payable from restricted assets                   | 325,409                    | 294,897                     | 620,306              |
| Due within one year  | 1,301,925                  | 5,527                       | 1,307,452            |
| Due in more than one year                                    | 7,838,619                  | 69,526                      | 7,908,145            |
| Total liabilities  | <u>10,565,087</u>          | <u>631,207</u>              | <u>11,196,294</u>    |
| <b>NET ASSETS</b>  |                            |                             |                      |
| Invested in capital assets, net of related debt              | 37,301,103                 | 19,854,855                  | 57,155,958           |
| Restricted for capital improvement                           | 1,818,808                  | 634,111                     | 2,452,919            |
| Unrestricted   | <u>18,802,292</u>          | <u>13,315,594</u>           | <u>32,117,886</u>    |
| Total net assets   | <u>\$ 57,922,203</u>       | <u>\$ 33,804,560</u>        | <u>\$ 91,726,763</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, 2010**

| <u>Functions/Programs</u>                         | <u>Expenses</u>      | <u>Program Revenues</u>         |   |   | <u>Net (Expense) Revenue<br/>Changes in Net Assets</u> |                                     |                      |
|---|----------------------|---------------------------------|---|---|--|-------------------------------------|----------------------|
|   |                      | <u>Charges for<br/>Services</u> | <u>Operating<br/>Grants and<br/>Contributions</u> | <u>Capital<br/>Grants and<br/>Contributions</u> | <u>Primary Government</u>                              |                                     |                      |
|   |                      |                                 |   |   | <u>Governmental<br/>Activities</u>                     | <u>Business-type<br/>Activities</u> | <u>Total</u>         |
| <b>Primary government:</b>                        |                      |                                 |   |   |  |                                     |                      |
| Government activities:                            |                      |                                 |   |   |  |                                     |                      |
| General government                                | \$ 3,591,426         | \$ 184,032                      | \$ -  | \$ 49,446                                       | \$ (3,357,948)   | \$ -                                | \$ (3,357,948)       |
| Public works                                      | 2,866,726            | 809                             | 290,611   | 2,095,095                                       | (480,211)  | -                                   | (480,211)            |
| Public safety                                     | 9,605,110            | 1,193,636                       | 313,229   | 91,943  | (8,006,302)  | -                                   | (8,006,302)          |
| Parks and recreation                              | 2,449,242            | 651,419                         | -   | -   | (1,797,823)  | -                                   | (1,797,823)          |
| Interest & other fiscal charges on long-term debt | 366,467              | -                               | -   | -   | (366,467)  | -                                   | (366,467)            |
| Total governmental activities                     | <u>18,878,971</u>    | <u>2,029,896</u>                | <u>603,840</u>                                    | <u>2,236,484</u>                                | <u>(14,008,751)</u>                                    | <u>-</u>                            | <u>(14,008,751)</u>  |
| Business-type activities:                         |                      |                                 |   |   |  |                                     |                      |
| Water and Sewer                                   | 3,119,246            | 3,997,038                       | -   | 13,417  | -  | 891,209                             | 891,209              |
| Stormwater  | 374,227              | 278,714                         | -   | -   | -  | (95,513)                            | (95,513)             |
| Total business-type activities                    | <u>3,493,473</u>     | <u>4,275,752</u>                | <u>-</u>  | <u>13,417</u>                                   | <u>-</u>   | <u>795,696</u>                      | <u>795,696</u>       |
| Total primary government                          | <u>\$ 22,372,444</u> | <u>\$ 6,305,648</u>             | <u>\$ 603,840</u>                                 | <u>\$ 2,249,901</u>                             | <u>(14,008,751)</u>                                    | <u>795,696</u>                      | <u>(13,213,055)</u>  |
| General revenues:                                 |                      |                                 |   |   |  |                                     |                      |
| Property taxes                                    |                      |                                 |   |   | 7,325,514  | -                                   | 7,325,514            |
| Franchise & utility taxes                         |                      |                                 |   |   | 6,735,676  | -                                   | 6,735,676            |
| Unrestricted intergovernmental revenues           |                      |                                 |   |   | 1,008,492  | -                                   | 1,008,492            |
| Unrestricted investment earnings                  |                      |                                 |   |   | 386,012  | 254,134                             | 640,146              |
| Gain on sale of capital assets                    |                      |                                 |   |   | 409  | 10,000                              | 10,409               |
| Miscellaneous revenues                            |                      |                                 |   |   | 195,553  | -                                   | 195,553              |
| Special Item - return of contribution             |                      |                                 |   |   | (600,000)  | -                                   | (600,000)            |
| Transfers   |                      |                                 |   |   | 850,000  | (850,000)                           | -                    |
| Total general revenues and transfers              |                      |                                 |   |   | <u>15,901,656</u>                                      | <u>(585,866)</u>                    | <u>15,315,790</u>    |
| Change in net assets                              |                      |                                 |   |   | <u>1,892,905</u>                                       | <u>209,830</u>                      | <u>2,102,735</u>     |
| Net assets - beginning                            |                      |                                 |   |   | <u>56,029,298</u>                                      | <u>33,594,730</u>                   | <u>89,624,028</u>    |
| Net assets - ending                               |                      |                                 |   |   | <u>\$ 57,922,203</u>                                   | <u>\$ 33,804,560</u>                | <u>\$ 91,726,763</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, 2010**

|  | General Fund         | General Capital<br>Projects | Other<br>Governmental<br>Funds | Total Governmental<br>Funds |
|--|----------------------|-----------------------------|--------------------------------|-----------------------------|
| <b>ASSETS</b>  |                      |                             |                                |                             |
| Cash and cash equivalents                              | \$ 5,919,196         | \$ 508,175                  | \$ 1,029,284                   | \$ 7,456,655                |
| Investments  | 9,092,869            | 1,298,000                   | 910,209                        | 11,301,078                  |
| Interest receivable                                    | 42,020               | 4,623                       | 3,007                          | 49,650                      |
| Receivables (net of allow-<br>ance for uncollectibles) | 661,199              | -                           | -                              | 661,199                     |
| Unbilled service charges                               | 905                  | -                           | -                              | 905                         |
| Due from other funds                                   | 8,423                | -                           | -                              | 8,423                       |
| Due from other governments                             | 296,954              | 48,320                      | 147,160                        | 492,434                     |
| Special assessments-current                            | 2,791                | -                           | -                              | 2,791                       |
| Inventories  | 3,320                | -                           | -                              | 3,320                       |
| Prepaid items  | 1,654                | 5,000                       | -                              | 6,654                       |
| Restricted cash and cash equivalents                   | 325,409              | -                           | -                              | 325,409                     |
| Total Assets   | <u>\$ 16,354,740</u> | <u>\$ 1,864,118</u>         | <u>\$ 2,089,660</u>            | <u>\$ 20,308,518</u>        |
| <b>LIABILITIES AND FUND BALANCES</b>                   |                      |                             |                                |                             |
| Liabilities  |                      |                             |                                |                             |
| Accounts payable                                       | \$ 251,390           | \$ 26,642                   | \$ 150,545                     | \$ 428,577                  |
| Accrued liabilities                                    | 308,631              | -                           | -                              | 308,631                     |
| Due to other funds                                     | -                    | -                           | 8,423                          | 8,423                       |
| Due to other governments                               | 205,131              | -                           | -                              | 205,131                     |
| Deferred revenue                                       | 91,180               | 18,668                      | -                              | 109,848                     |
| Other liabilities                                      | 27,416               | -                           | -                              | 27,416                      |
| Liabilities payable from restricted assets             | 325,409              | -                           | -                              | 325,409                     |
| Total Liabilities                                      | <u>1,209,157</u>     | <u>45,310</u>               | <u>158,968</u>                 | <u>1,413,435</u>            |
| <b>FUND BALANCES</b>                                   |                      |                             |                                |                             |
| Reserved for:  |                      |                             |                                |                             |
| Inventories  | 3,320                | -                           | -                              | 3,320                       |
| Prepaid items  | 1,654                | -                           | -                              | 1,654                       |
| Debt service   | -                    | -                           | 541,535                        | 541,535                     |
| Capital projects                                       | -                    | 1,818,808                   | -                              | 1,818,808                   |
| Unreserved reported in:                                |                      |                             |                                |                             |
| General fund   | 15,140,609           | -                           | -                              | 15,140,609                  |
| Special revenue funds                                  | -                    | -                           | 1,389,157                      | 1,389,157                   |
| Total fund balances                                    | <u>15,145,583</u>    | <u>1,818,808</u>            | <u>1,930,692</u>               | <u>18,895,083</u>           |
| Total liabilities and fund balances                    | <u>\$ 16,354,740</u> | <u>\$ 1,864,118</u>         | <u>\$ 2,089,660</u>            | <u>\$ 20,308,518</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, 2010**

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|  |                 |                             |
|--|-----------------|-----------------------------|
| Total governmental funds fund balance  |                 | \$ 18,895,083               |
| 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  |                 | 43,605,260                  |
| 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. |                 | 4,408,090                   |
| 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 8)  | (18,080)        | 4,520                       |
| Total issuance cost 2007   | 56,750          |                             |
| Less: amortization over 20 years (yr 4)  | <u>(11,352)</u> | 45,398                      |
| The noncurrent portion of compensated absences is not due and payable in the current period and therefore, is not reported in the funds  |                 | (1,023,095)                 |
| The long-term portion of bonds payable is not due and payable in the current period, and therefore, is not reported in the funds   |                 | (6,720,000)                 |
| The current portion of bonds payable is not recorded as a liability in governmental funds balance sheet  |                 | (1,300,000)                 |
| The cumulative net pension contribution in excess of the annual required contribution is presented as an asset on the entity-wide statement of net assets in accordance with GASB Statement No. 27   |                 | 80,331                      |
| The net other post employment benefits obligation is not recorded as a liability in governmental funds balance sheet.  |                 | (73,384)                    |
| Net assets of governmental activities  |                 | <u><u>\$ 57,922,203</u></u> |

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

**City of Lake Mary, Florida**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**All Governmental Fund Types**  
**For the Year Ended September 30, 2010**

|  | <u>General Fund</u>  | <u>General Capital<br/>Projects</u> | <u>Other<br/>Government<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|----------------------|-------------------------------------|---------------------------------------|---|
| <b>REVENUES</b>  |                      |                                     |                                       |   |
| Taxes:   |                      |                                     |                                       |   |
| Property   | \$ 7,325,514         | \$ -                                | \$ -                                  | \$ 7,325,514                            |
| Franchise and utility taxes                                | 6,735,676            | -                                   | -                                     | 6,735,676                               |
| Licenses and permits                                       | 625,295              | -                                   | -                                     | 625,295                                 |
| Intergovernmental revenues                                 | 1,315,974            | 688,913                             | 1,843,929                             | 3,848,816                               |
| Charges for services                                       | 1,231,075            | -                                   | 1,000                                 | 1,232,075                               |
| Impact fees/assessments                                    | 3,608                | -                                   | 47,404                                | 51,012                                  |
| Fines and forfeitures                                      | 71,777               | -                                   | 49,737                                | 121,514                                 |
| Investment income  | 325,340              | 37,763                              | 22,909                                | 386,012                                 |
| Other  | 158,464              | -                                   | 37,498                                | 195,962                                 |
| Total revenues   | <u>17,792,723</u>    | <u>726,676</u>                      | <u>2,002,477</u>                      | <u>20,521,876</u>                       |
| <b>EXPENDITURES</b>  |                      |                                     |                                       |   |
| Current:   |                      |                                     |                                       |   |
| General government   | 3,155,944            | 30,658                              | 21,578                                | 3,208,180                               |
| Public works   | 615,839              | 349,484                             | 1,455,628                             | 2,420,951                               |
| Public safety  | 9,075,849            | 40,790                              | 335,524                               | 9,452,163                               |
| Parks and recreation                                       | 1,990,882            | -                                   | -                                     | 1,990,882                               |
| Debt service:  |                      |                                     |                                       |   |
| Principal  | -                    | -                                   | 1,260,000                             | 1,260,000                               |
| Interest and other fiscal charges                          | -                    | -                                   | 361,369                               | 361,369                                 |
| Capital outlay:  |                      |                                     |                                       |   |
| General government   | -                    | 439,964                             | 27,199                                | 467,163                                 |
| Public works   | -                    | 639,467                             | -                                     | 639,467                                 |
| Public safety  | 5,399                | -                                   | 88,499                                | 93,898                                  |
| Total expenditures   | <u>14,843,913</u>    | <u>1,500,363</u>                    | <u>3,549,797</u>                      | <u>19,894,073</u>                       |
| Excess(deficiency) of revenues<br>over(under) expenditures | <u>2,948,810</u>     | <u>(773,687)</u>                    | <u>(1,547,320)</u>                    | <u>627,803</u>                          |
| <b>OTHER FINANCING SOURCES (USES)</b>                      |                      |                                     |                                       |   |
| Transfers in   | 893,035              | -                                   | 2,071,554                             | 2,964,589                               |
| Transfers out  | (2,071,554)          | -                                   | (43,035)                              | (2,114,589)                             |
| Total other financing sources (uses)                       | <u>(1,178,519)</u>   | <u>-</u>                            | <u>2,028,519</u>                      | <u>850,000</u>                          |
| Net change in fund balances                                | 1,770,291            | (773,687)                           | 481,199                               | 1,477,803                               |
| Fund balances - beginning                                  | 13,375,292           | 2,592,495                           | 1,449,493                             | 17,417,280                              |
| Fund balances - end  | <u>\$ 15,145,583</u> | <u>\$ 1,818,808</u>                 | <u>\$ 1,930,692</u>                   | <u>\$ 18,895,083</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, 2010**

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

Net change in fund balances -- total governmental funds \$ 1,477,803

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 | \$ 1,200,528       |             |
| Return of Contributed Asset    | (600,000)          |             |
| Current year depreciation      | <u>(1,752,670)</u> | (1,152,142) |

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               | 1,260,000      |           |
| Issuance Costs allocated expense | (2,260)        |           |
| Issuance Costs allocated expense | <u>(2,838)</u> | 1,254,902 |

The Internal service fund is used by management to charge the costs of fleet  
 management to individual funds. The change in net assets of the internal  
 service fund is reported allocated to governmental activities. 304,909

Pension expenses recorded in the statement of activities which are in excess of the annual  
 required pension contribution are considered to be assets and not expenses of the period. 17,523

Some expenses reported in the statement of activities do not require the use of  
 current financial resources and therefore, are not reported as expenditures  
 in governmental funds. (10,090)

Change in net assets of governmental activities (page 28) \$ 1,892,905

**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, 2010**

|  | Budgeted Amounts  |                    |                    | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|-------------------|--------------------|--------------------|--|
|  | Original          | Final              | Actual<br>Amounts  |  |
|  |                   |                    |                    |  |
| <b>REVENUES</b>  |                   |                    |                    |  |
| Taxes:   |                   |                    |                    |  |
| Property   | \$ 7,201,252      | \$ 7,201,252       | \$ 7,325,514       | \$ 124,262   |
| Franchise and utility taxes                                    | 6,155,285         | 6,155,285          | 6,735,676          | 580,391  |
| Licenses and permits   | 675,250           | 675,250            | 625,295            | (49,955)   |
| Intergovernmental revenues                                     | 1,277,128         | 1,290,577          | 1,315,974          | 25,397   |
| Charges for services   | 890,700           | 890,700            | 1,231,075          | 340,375  |
| Impact fees/assessments  | -                 | -                  | 3,608              | 3,608  |
| Fines and forfeitures  | 127,300           | 127,300            | 71,777             | (55,523)   |
| Investment income  | 289,000           | 289,000            | 325,340            | 36,340   |
| Other  | 90,000            | 97,347             | 158,464            | 61,117   |
| <b>Total revenues</b>  | <b>16,705,915</b> | <b>16,726,711</b>  | <b>17,792,723</b>  | <b>1,066,012</b>   |
| <b>EXPENDITURES</b>  |                   |                    |                    |  |
| Current:   |                   |                    |                    |  |
| General government   | 3,461,911         | 3,625,831          | 3,155,944          | 469,887  |
| Public works   | 681,462           | 681,462            | 615,839            | 65,623   |
| Public safety  | 9,970,771         | 9,984,220          | 9,081,248          | 902,972  |
| Parks and recreation   | 2,232,300         | 2,249,976          | 1,990,882          | 259,094  |
| <b>Total expenditures</b>                                      | <b>16,346,444</b> | <b>16,541,489</b>  | <b>14,843,913</b>  | <b>1,697,576</b>   |
| Excess (deficiencies) of revenues<br>over (under) expenditures | 359,471           | 185,222            | 2,948,810          | 2,763,588  |
| <b>OTHER FINANCING SOURCES (USES)</b>                          |                   |                    |                    |  |
| Transfers in   | 882,500           | 882,500            | 893,035            | 10,535   |
| Transfers out  | (1,836,554)       | (2,071,554)        | (2,071,554)        | -  |
| <b>Total other financing sources and uses</b>                  | <b>(954,054)</b>  | <b>(1,189,054)</b> | <b>(1,178,519)</b> | <b>10,535</b>  |
| <b>Net change in fund balances</b>                             | <b>(594,583)</b>  | <b>(1,003,832)</b> | <b>1,770,291</b>   | <b>2,774,123</b>   |
| Fund Balances at Beginning of Year                             | 13,375,292        | 13,375,292         | 13,375,292         | -  |
| Fund Balances at End of Year                                   | \$ 12,780,709     | \$ 12,371,460      | \$ 15,145,583      | \$ 2,774,123   |

*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, 2010**

|  | Business Type Activities - Enterprise Funds |                            |                      | Governmental<br>Activities - Internal<br>Service Fund |
|--|---|----------------------------|----------------------|---|
|  | Water and Sewer<br>Fund                     | Stormwater Utility<br>Fund | Total                |   |
| <b>ASSETS</b>  |   |                            |                      |   |
| Current assets:  |   |                            |                      |   |
| Cash and cash equivalents                                    | \$ 1,077,094                                | \$ 106,395                 | \$ 1,183,489         | \$ 585,150  |
| Investments  | 10,829,021                                  | 538,518                    | 11,367,539           | 2,098,162   |
| Interest receivable  | 32,847                                      | 1,676                      | 34,523               | 6,941   |
| Accounts receivable (net of allowance<br>for uncollectibles) | 346,147                                     | 23,390                     | 369,537              | -   |
| Unbilled service charges                                     | 199,254                                     | 7,646                      | 206,900              | -   |
| Special assessments - current                                | 113,015                                     | 8,981                      | 121,996              | -   |
| Inventories  | 57,917                                      | -                          | 57,917               | 37,167  |
| Prepaid items  | 42,068                                      | -                          | 42,068               | -   |
| Total current assets   | <u>12,697,363</u>                           | <u>686,606</u>             | <u>13,383,969</u>    | <u>2,727,420</u>                                      |
| Noncurrent assets:   |   |                            |                      |   |
| Restricted investments:                                      |   |                            |                      |   |
| Customer deposits  | 294,897                                     | -                          | 294,897              | -   |
| Impact fee funds   | 634,111                                     | -                          | 634,111              | -   |
| Total restricted assets                                      | <u>929,008</u>                              | <u>-</u>                   | <u>929,008</u>       | <u>-</u>  |
| Special assessments - noncurrent                             | 229,685                                     | -                          | 229,685              | -   |
| Unamortized sewer capacity                                   | 38,250                                      | -                          | 38,250               | -   |
| Capital assets:  |   |                            |                      |   |
| Land   | 39,548                                      | -                          | 39,548               | -   |
| Buildings  | 472,000                                     | -                          | 472,000              | -   |
| Water/sewer system   | 22,683,853                                  | -                          | 22,683,853           | -   |
| Stormwater system  | -   | 3,309,887                  | 3,309,887            | -   |
| Machinery and equipment                                      | 266,380                                     | 14,975                     | 281,355              | -   |
| Vehicles   | -   | -                          | -                    | 4,540,241   |
| Construction in progress                                     | 60,604                                      | -                          | 60,604               | -   |
| Less accumulated depreciation                                | <u>(5,484,149)</u>                          | <u>(1,508,243)</u>         | <u>(6,992,392)</u>   | <u>(2,824,398)</u>                                    |
| Total capital assets (net of<br>accumulated depreciation)    | <u>18,038,236</u>                           | <u>1,816,619</u>           | <u>19,854,855</u>    | <u>1,715,843</u>                                      |
| Total noncurrent assets                                      | <u>19,235,179</u>                           | <u>1,816,619</u>           | <u>21,051,798</u>    | <u>1,715,843</u>                                      |
| Total assets   | <u>\$ 31,932,542</u>                        | <u>\$ 2,503,225</u>        | <u>\$ 34,435,767</u> | <u>\$ 4,443,263</u>                                   |

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

|   | Business Type Activities - Enterprise Funds |                            |                      | Governmental<br>Activities - Internal<br>Service Fund |
|---|---|----------------------------|----------------------|---|
|   | Water and Sewer<br>Fund                     | Stormwater Utility<br>Fund | Total                |   |
| <b>LIABILITIES</b>                          |   |                            |                      |   |
| Current liabilities:                        |   |                            |                      |   |
| Accounts payable                            | \$ 96,880                                   | \$ 3,064                   | \$ 99,944            | \$ 6,157  |
| Accrued liabilities                         | 17,644                                      | 3,572                      | 21,216               | 4,951   |
| Due to other government                     | 55,894                                      | -                          | 55,894               | -   |
| Compensated absences                        | 4,758                                       | 769                        | 5,527                | 1,925   |
| Total current liabilities                   | <u>175,176</u>                              | <u>7,405</u>               | <u>182,581</u>       | <u>13,033</u>   |
| Noncurrent liabilities:                     |   |                            |                      |   |
| Liabilities payable from restricted assets: |   |                            |                      |   |
| Customer deposits                           | 294,897                                     | -                          | 294,897              | -   |
| Unearned revenue                            | 84,203                                      | -                          | 84,203               | -   |
| Compensated absences                        | 54,722                                      | 8,841                      | 63,563               | 22,140  |
| Other noncurrent liabilities                | 5,339                                       | 624                        | 5,963                | -   |
| Total noncurrent liabilities                | <u>439,161</u>                              | <u>9,465</u>               | <u>448,626</u>       | <u>22,140</u>   |
| Total liabilities                           | <u>614,337</u>                              | <u>16,870</u>              | <u>631,207</u>       | <u>35,173</u>   |
| <b>NET ASSETS</b>                           |   |                            |                      |   |
| Net assets invested in capital assets       | 18,038,236                                  | 1,816,619                  | 19,854,855           | 1,715,843   |
| Restricted for capital improvement          | 634,111                                     | -                          | 634,111              | -   |
| Unrestricted                                | <u>12,645,858</u>                           | <u>669,736</u>             | <u>13,315,594</u>    | <u>2,692,247</u>                                      |
| Total net assets                            | <u>\$ 31,318,205</u>                        | <u>\$ 2,486,355</u>        | <u>\$ 33,804,560</u> | <u>\$ 4,408,090</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, 2010**

|  | Business Type Activities - Enterprise Funds |                            |                      | Governmental<br>Activities - Internal<br>Service Fund |
|--|---|----------------------------|----------------------|---|
|  | Water and Sewer<br>Fund                     | Stormwater Utility<br>Fund | Totals               |   |
| <b>Operating revenues:</b>                       |   |                            |                      |   |
| Charges for sales and services:                  |   |                            |                      |   |
| Water sales                                      | \$ 2,279,399                                | \$ -                       | \$ 2,279,399         | \$ -  |
| Sewer revenue                                    | 1,580,867                                   | -                          | 1,580,867            | -   |
| Stormwater fees                                  | -   | 277,166                    | 277,166              | -   |
| Other service charges                            | 136,772                                     | 1,548                      | 138,320              | 893,964   |
| Total operating revenues                         | <u>3,997,038</u>                            | <u>278,714</u>             | <u>4,275,752</u>     | <u>893,964</u>  |
| Operating expenses                               |   |                            |                      |   |
| Costs of operations                              | 2,323,223                                   | 188,736                    | 2,511,959            | 246,751   |
| Administration                                   | 222,693                                     | -                          | 222,693              | -   |
| Depreciation                                     | 548,013                                     | 185,307                    | 733,320              | 461,729   |
| Amortization                                     | 24,216                                      | -                          | 24,216               | -   |
| OPEB expense                                     | 1,101                                       | 184                        | 1,285                | -   |
| Total operating expenses                         | <u>3,119,246</u>                            | <u>374,227</u>             | <u>3,493,473</u>     | <u>708,480</u>  |
| Operating income (loss)                          | <u>877,792</u>                              | <u>(95,513)</u>            | <u>782,279</u>       | <u>185,484</u>  |
| Nonoperating revenues (expenses):                |   |                            |                      |   |
| Investment income                                | 239,669                                     | 14,465                     | 254,134              | 44,381  |
| Gain (loss) on sale of capital assets            | 10,000                                      | -                          | 10,000               | 58,133  |
| Total nonoperating revenue (expense)             | <u>249,669</u>                              | <u>14,465</u>              | <u>264,134</u>       | <u>102,514</u>  |
| Income (loss) before contributions and transfers | <u>1,127,461</u>                            | <u>(81,048)</u>            | <u>1,046,413</u>     | <u>287,998</u>  |
| Capital contributions - impact fees              | 13,417                                      | -                          | 13,417               | -   |
| Capital contributions - developers & others      | -   | -                          | -                    | 16,911  |
| Transfers out                                    | (850,000)                                   | -                          | (850,000)            | -   |
| Change in net assets                             | <u>290,878</u>                              | <u>(81,048)</u>            | <u>209,830</u>       | <u>304,909</u>  |
| Total net assets - beginning                     | <u>31,027,327</u>                           | <u>2,567,403</u>           | <u>33,594,730</u>    | <u>4,103,181</u>                                      |
| Total net assets - ending                        | <u>\$ 31,318,205</u>                        | <u>\$ 2,486,355</u>        | <u>\$ 33,804,560</u> | <u>\$ 4,408,090</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, 2010**

|   | Business-type Activities - Enterprise Funds |                            |                     | Governmental<br>Activities - Internal<br>Service Funds |
|---|---|----------------------------|---------------------|--|
|   | Water and Sewer<br>Fund                     | Stormwater Utility<br>Fund | Totals              |  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                             |   |                            |                     |  |
| Receipts from customers and users                                       | \$ 3,888,933                                | \$ 278,607                 | \$ 4,167,540        | \$ -   |
| Other operating cash receipts   | 136,772                                     | 1,548                      | 138,320             | -  |
| Receipts from interfund services provided                               | -   | -                          | -                   | 893,964  |
| Payments to suppliers   | (2,289,330)                                 | (67,785)                   | (2,357,115)         | (45,907)   |
| Payments to employees   | (655,751)                                   | (126,137)                  | (781,888)           | (181,827)  |
| Net cash provided by operating activities                               | <u>1,080,624</u>                            | <u>86,233</u>              | <u>1,166,857</u>    | <u>666,230</u>   |
| <b>CASH FLOWS FROM NONCAPITAL<br/>FINANCING ACTIVITIES</b>              |   |                            |                     |  |
| Transfers to other funds  | (850,000)                                   | -                          | (850,000)           | -  |
| Net cash provided (used) by capital<br>and related financing activities | <u>(850,000)</u>                            | <u>-</u>                   | <u>(850,000)</u>    | <u>-</u>   |
| <b>CASH FLOWS FROM CAPITAL AND<br/>RELATED FINANCING ACTIVITIES</b>     |   |                            |                     |  |
| Capital contributions - impact fees                                     | 13,417                                      | -                          | 13,417              | -  |
| Acquisition and construction of capital<br>assets                       | (155,257)                                   | (313,650)                  | (468,907)           | (598,418)  |
| Proceeds from sales of capital assets                                   | 10,000                                      | -                          | 10,000              | 58,133   |
| Net cash provided (used) by capital<br>and related financing activities | <u>(131,840)</u>                            | <u>(313,650)</u>           | <u>(445,490)</u>    | <u>(540,285)</u>                                       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                             |   |                            |                     |  |
| Proceeds from sales or maturities of<br>investments                     | 6,500,000                                   | 80,000                     | 6,580,000           | -  |
| Purchases of investments  | (6,200,000)                                 | -                          | (6,200,000)         | -  |
| Interest and dividends received   | 303,782                                     | 18,621                     | 322,403             | 57,409   |
| Net cash provided (used) by<br>investing activities                     | <u>603,782</u>                              | <u>98,621</u>              | <u>702,403</u>      | <u>57,409</u>  |
| Net increase (decrease) in cash<br>and cash equivalents                 | 702,566                                     | (128,796)                  | 573,770             | 183,354  |
| Cash and cash equivalents October 1                                     | <u>374,528</u>                              | <u>235,191</u>             | <u>5,681,977</u>    | <u>401,796</u>   |
| Cash and cash equivalents September 30                                  | <u>\$ 1,077,094</u>                         | <u>\$ 106,395</u>          | <u>\$ 1,183,489</u> | <u>\$ 585,150</u>                                      |

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

|  | Business-type Activities - Enterprise Funds |                            |              | Governmental<br>Activities -<br>Internal Service<br>Funds |
|--|---|----------------------------|--------------|---|
|  | Water and Sewer<br>Fund                     | Stormwater<br>Utility Fund | Totals       |   |
| <b>Reconciliation of operating income to net cash provided (used) by operating activities:</b> |   |                            |              |   |
| Operating income (loss)  | \$ 877,792                                  | \$ (95,513)                | \$ 782,279   | \$ 185,484  |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: |   |                            |              |   |
| Depreciation expense   | 548,013                                     | 185,307                    | 733,320      | 461,729   |
| Amortization expense   | 24,216                                      | -                          | 24,216       | -   |
| (Increase) decrease in customer accounts receivable  | (3,486)                                     | 938                        | (2,548)      | -   |
| (Increase) decrease in unbilled service charges  | (84,472)                                    | (36)                       | (84,508)     | -   |
| (Increase) decrease in special assessments   | 116,625                                     | 539                        | 117,164      | -   |
| (Increase) decrease in inventory   | (169)                                       | -                          | (169)        | 23,892  |
| (Increase) decrease in prepaid items   | 441   | -                          | 441          | 120   |
| Increase (decrease) in customer deposits   | 450   | -                          | 450          | -   |
| Increase (decrease) in accounts payable  | (332,340)                                   | (8,910)                    | (341,250)    | (4,863)   |
| Increase (decrease) accrued expenses   | (4,452)                                     | (271)                      | (4,723)      | (1,862)   |
| Increase (decrease) in OPEB obligation   | 1,101                                       | 184                        | 1,285        | -   |
| Increase (decrease) in compensated absences payable  | 5,720                                       | 3,995                      | 9,715        | 1,730   |
| Increase (decrease) in unearned revenue  | (16,000)                                    | -                          | (16,000)     | -   |
| Increase (decrease) in due to other funds  | (52,815)                                    | -                          | (52,815)     | -   |
| Total adjustments  | 202,832                                     | 181,746                    | 384,578      | 480,746   |
| Net cash provided by operating activities  | \$ 1,080,624                                | \$ 86,233                  | \$ 1,166,857 | \$ 666,230  |

The Water and Sewer Fund had a non-cash loss in the fair value of investments of \$43,337; the Stormwater Fund had a non-cash loss in the fair value of investments of \$2,212; and the Internal Service Fund had a non-cash capital contribution of \$16,911 and a non-cash loss in the fair value of investments of \$9,157.

**City of Lake Mary, Florida**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**As of September 30, 2010**

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|                                     | Total Employee<br>Pension Funds |
|-------------------------------------|---------------------------------|
| <b>ASSETS</b>                       |                                 |
| Cash and cash equivalents           | \$ 1,617,293                    |
| Receivables:                        |                                 |
| Interest receivable                 | 56,686                          |
| Notes receivable - employee         | 18,297                          |
| Contributions receivable - employer | 1                               |
| Total receivables                   | 74,984                          |
| Investments at fair value           |                                 |
| Domestic corporate & Govt bonds     | 6,319,379                       |
| Domestic stocks                     | 11,690,516                      |
| Other securities                    | 1,896,960                       |
| Total investments                   | 19,906,855                      |
| Total assets                        | 21,599,132                      |
| <b>LIABILITIES</b>                  |                                 |
| Accounts payable                    | 52,723                          |
| Total liabilities                   | 52,723                          |
| <b>NET ASSETS</b>                   |                                 |
| Held in trust for pension benefits  | \$ 21,546,409                   |

*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, 2010**

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|   | <u>Total Employee<br/>Pension Funds</u> |
|---|---|
| <b>ADDITIONS</b>  |   |
| Contributions:  |   |
| Employer contributions                                  | \$ 1,404,799                            |
| State contributions                                     | 299,802                                 |
| Employee contributions                                  | <u>320,391</u>                          |
| Total contributions                                     | <u>2,024,992</u>                        |
| Investment earnings                                     |   |
| Interest  | 455,963                                 |
| Net increase (decrease) in fair value<br>of investments | <u>1,215,834</u>                        |
| Net investment earnings (loss)                          | <u>1,671,797</u>                        |
| Total additions   | <u>3,696,789</u>                        |
| <b>DEDUCTIONS</b>                                       |   |
| Benefit payments  | 641,727                                 |
| Refunds of contributions                                | 35,027                                  |
| Administrative expenses                                 | <u>161,168</u>                          |
| Total deductions  | <u>837,922</u>                          |
| Change in net assets                                    | 2,858,867                               |
| Net assets - beginning                                  | <u>18,687,542</u>                       |
| Net assets - ending                                     | <u><u>\$ 21,546,409</u></u>             |

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

**CITY OF LAKE MARY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**

**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, Police and Firefighter Premium Tax Trust Fund, Streetlighting Fund, Cemetery Fund, and American Reinvestment and Recovery Act (ARRA) grant funds. Streetlighting Fund was dissolved into General Fund during FY 2010 in preparation of GASB Statement 54 implementation.

*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 \$410 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, 2010 was 3.6355 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 \$48,722 at September 30, 2010.

### **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 separate subsystem and inventoried annually. The value of these items for 2010 is \$1,235,345 for governmental funds, \$29,521 for business-type activities and \$46,669 for internal service funds.

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     |
| Intangible assets        | 5-10 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 2010.

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 938.15.

**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 932.7055.

## **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 most Special Revenue Funds. The Police & Firefighter Premium Tax Trust Special Revenue Fund is not budgeted as this represents the state contribution to pension funds and is unknown until received. 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, 2010, the carrying amount of the City's deposits was \$2,548,398 and the bank balance was \$2,722,975.

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, 2010, the City had the following investments.

| Investment Type                 | Fair Value           | Weighted<br>Average<br>Maturity<br>(years) |
|---------------------------------|----------------------|--|
| U.S. Agencies                   | \$ 17,622,487        | 3.24                                       |
| Money Market Funds              | 7,001,894            | n/a  |
| Certificates of Deposit (CDARs) | 8,000,000            | 0.87                                       |
| Certificate of Deposit          | 73,300               | n/a  |
| Total Fair Value of Investments | <u>\$ 32,697,681</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. The City has no investment position with SBA on September 30, 2010. All agencies held by the City on September 30, 2010, are rated AAA by Standard & Poor's.

*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, 2010, 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, 2010

City of Lake Mary Pension Funds had the following investments on September 30, 2010:

| 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            | \$ 320,490                                | 12.61                             | \$ 807,881                             | 7.37                              | \$ -                                   | n/a                               |
| U.S. Agencies & BAB's      | 1,007,124                                 | 22.64                             | 1,042,633                              | 19.23                             | -                                      | n/a                               |
| Corporate Bonds            | 1,510,077                                 | 7.01                              | 1,441,309                              | 6.91                              | 189,865 *                              | unk                               |
| Corporate Stocks           | 5,521,136                                 | n/a                               | 3,124,801                              | n/a                               | 3,044,579                              | n/a                               |
| International Stocks       | 771,953                                   | n/a                               | 1,053,337                              | n/a                               | 71,670                                 | n/a                               |
| Total Investments          | 9,130,780                                 |                                   | 7,469,961                              |                                   | 3,306,114                              |                                   |
| Cash and Cash Equivalents  | 625,453                                   | n/a                               | 232,975                                | n/a                               | 758,865 *                              | n/a                               |
| Total Cash and Investments | <u>\$ 9,756,233</u>                       |                                   | <u>\$ 7,702,936</u>                    |                                   | <u>\$ 4,064,979</u>                    |                                   |

\* Contains U.S. Treasuries and/or 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, 77% are rated by Moody's as A2 or better, less than 1% rated by Moody's as Baa1 to Baa3, and 23% unrated. Fire Pension investments are 63% rated by Moody's as A3 or better, 8% rated Baa1 to Baa3, with 29% 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, 2010, the Police and Fire Pension funds had satisfied 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, 2010 were as follows:

|                   | Accounts and Assessments Receivable | Allowance for Uncollectibles | Net Receivable      |
|-------------------|-------------------------------------|------------------------------|---------------------|
| General Fund      | \$ 666,425                          | \$ 1,530                     | \$ 664,895          |
| Proprietary Funds | 932,460                             | 4,342                        | 928,118             |
|                   | <u>\$ 1,598,885</u>                 | <u>\$ 5,872</u>              | <u>\$ 1,593,013</u> |

**NOTE 6 CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2010 was as follows:

Governmental Capital Asset Activity  
For Year Ended September 30, 2010

|  | <u>Beginning<br/>Balance</u> | <u>Increases</u>    | <u>Decreases</u>    | <u>Ending<br/>Balance</u> |
|--|------------------------------|---------------------|---------------------|---------------------------|
| <b>Governmental activities:</b>              |                              |                     |                     |                           |
| Capital assets, not being depreciated:       |                              |                     |                     |                           |
| Land   | \$ 8,246,302                 | \$ 336,701          | \$ (600,000)        | \$ 7,983,003              |
| Land under infrastructure                    | 1,839,435                    | 485,887             | -                   | 2,325,322                 |
| Construction in progress (vehicles)          | 4,450                        |                     | (4,450)             | -                         |
| Construction in progress                     | 415,243                      | 298,469             | -                   | 713,712                   |
| Total capital assets, not being depreciated  | <u>10,505,430</u>            | <u>1,121,057</u>    | <u>(604,450)</u>    | <u>11,022,037</u>         |
| Capital assets, being depreciated:           |                              |                     |                     |                           |
| Buildings                                    | 23,626,858                   | -                   | -                   | 23,626,858                |
| Improvements other than bldg.                | 3,821,614                    | 20,254              | -                   | 3,841,868                 |
| Intangible assets                            | 97,058                       | 15,618              | -                   | 112,676                   |
| Equipment                                    | 1,955,395                    | 43,599              | (31,874)            | 1,967,120                 |
| Infrastructure                               | 21,222,407                   | -                   | -                   | 21,222,407                |
| Vehicles                                     | 4,260,678                    | 658,636             | (379,073)           | 4,540,241                 |
| Total capital assets, being depreciated:     | <u>54,984,010</u>            | <u>738,107</u>      | <u>(410,947)</u>    | <u>55,311,170</u>         |
| Less accumulated depreciation for            |                              |                     |                     |                           |
| Buildings                                    | (5,655,671)                  | (881,886)           | -                   | (6,537,557)               |
| Improvements other than buildings            | (1,941,563)                  | (226,429)           | -                   | (2,167,992)               |
| Intangible assets                            | (50,476)                     | (13,697)            | -                   | (64,173)                  |
| Equipment                                    | (1,067,793)                  | (185,129)           | 31,874              | (1,221,048)               |
| Infrastructure                               | (7,751,407)                  | (445,529)           | -                   | (8,196,936)               |
| Vehicles                                     | (2,702,885)                  | (461,729)           | 340,216             | (2,824,398)               |
| Total accumulated depreciation               | <u>(19,169,795)</u>          | <u>(2,214,399)</u>  | <u>372,090</u>      | <u>(21,012,104)</u>       |
| Total capital assets, being depreciated, net | <u>35,814,215</u>            | <u>(1,476,292)</u>  | <u>(38,857)</u>     | <u>34,299,066</u>         |
| Governmental activities capital assets, net  | <u>\$ 46,319,645</u>         | <u>\$ (355,235)</u> | <u>\$ (643,307)</u> | <u>\$ 45,321,103</u>      |

Business-type Activities Capital Asset Activity  
For Year Ended September 30, 2010

|  | <u>Beginning<br/>Balance</u> | <u>Increases</u>    | <u>Decreases</u> | <u>Ending<br/>Balance</u> |
|--|------------------------------|---------------------|------------------|---------------------------|
| <b>Business-type activities:</b>             |                              |                     |                  |                           |
| Capital assets, not being depreciated:       |                              |                     |                  |                           |
| Land   | \$ 39,548                    | \$ -                | \$ -             | \$ 39,548                 |
| Construction in progress                     | -                            | 60,604              | -                | 60,604                    |
| Total capital assets, not being depreciated  | <u>39,548</u>                | <u>60,604</u>       | <u>-</u>         | <u>100,152</u>            |
| Capital assets, being depreciated:           |                              |                     |                  |                           |
| Buildings                                    | 472,000                      | -                   | -                | 472,000                   |
| Water/sewer system                           | 22,589,200                   | 94,653              | -                | 22,683,853                |
| Stormwater system                            | 3,237,774                    | 313,650             | (241,537)        | 3,309,887                 |
| Intangible Assets                            | 88,020                       | -                   | -                | 88,020                    |
| Machinery and equipment                      | 193,335                      | -                   | -                | 193,335                   |
| Total capital assets, being depreciated:     | <u>26,580,329</u>            | <u>408,303</u>      | <u>(241,537)</u> | <u>26,747,095</u>         |
| Less accumulated depreciation for            |                              |                     |                  |                           |
| Buildings                                    | (271,400)                    | (11,800)            | -                | (283,200)                 |
| Water/sewer system                           | (4,477,995)                  | (507,822)           | -                | (4,985,817)               |
| Stormwater system                            | (1,549,741)                  | (185,063)           | 241,537          | (1,493,267)               |
| Intangible Assets                            | (60,930)                     | (13,672)            | -                | (74,602)                  |
| Machinery and equipment                      | (140,543)                    | (14,963)            | -                | (155,506)                 |
| Total accumulated depreciation               | <u>(6,500,609)</u>           | <u>(733,320)</u>    | <u>241,537</u>   | <u>(6,992,392)</u>        |
| Total capital assets, being depreciated, net | <u>20,079,720</u>            | <u>(325,017)</u>    | <u>-</u>         | <u>19,754,703</u>         |
| Business-type capital assets, net            | <u>\$ 20,119,268</u>         | <u>\$ (264,413)</u> | <u>\$ -</u>      | <u>\$ 19,854,855</u>      |

Depreciation expense was charged to governmental functions as follows:

|  |                     |
|--|---------------------|
| General government   | \$ 382,637          |
| Public works   | 480,496             |
| Police   | 197,186             |
| Fire   | 208,157             |
| Parks  | 484,194             |
| Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets | <u>461,729</u>      |
| Total depreciation expense   | <u>\$ 2,214,399</u> |

Depreciation expense was charged to business type activities as follows:

|                            |                   |
|----------------------------|-------------------|
| Water/sewer system         | \$ 548,013        |
| Stormwater system          | 185,307           |
| Total depreciation expense | <u>\$ 733,320</u> |

**NOTE 7 LEASES**

**A. Capital Leases:**

On September 30, 2010, the City had no capital leases outstanding.

**B. Operating Leases:**

The City leases copier equipment, digital mailing system equipment and folder/inserters equipment under non-cancelable operating leases with a duration of 60 months each. The total cost for such leases was \$24,537 for the year ended September 30, 2010. The future minimum lease payments for these leases are as follows:

| Year Ending September 30, |                         |
|---------------------------|-------------------------|
| 2011                      | \$ 24,510               |
| 2012                      | 23,432                  |
| 2013                      | 14,951                  |
| 2014                      | 5,173                   |
| 2015                      | <u>2,973</u>            |
| Total Operating Leases    | <u><u>\$ 71,039</u></u> |

**NOTE 8 PUBLIC IMPROVEMENT REVENUE BONDS**

**A. Bonds Payable:**

Bonds payable at September 30, 2010 are comprised of the following individual obligations:

| Description   | Interest Rate                            | Original Amount | Balance at<br>September 30,<br>2010 |
|---|--|-----------------|-------------------------------------|
| Public Improvement Refunding Revenue Bond, Series 2003; due serially on September 1 of each year to September 1, 2013.  | 3.41%                                    | \$ 7,305,000    | \$ 1,800,000                        |
| Public Improvement Revenue Bond, Series 2007 A & B; Series A due serially on October 1 of each year to October 1, 2027; Series B due serially on October 1 of each year to October 1, 2015. | Series A @<br>4.24%; Series<br>B @ 3.92% | \$ 7,105,000    | <u>6,220,000</u>                    |
| Total Bonds Payable   |  |                 | <u><u>\$ 8,020,000</u></u>          |

There is no reserve requirement for the 2003 or 2007 bonds, however the City covenants to budget and appropriate sufficient funds to make principal and interest payments as they become due.

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

| Fiscal Year Ending<br>Sept. 30, | Principal           | Interest            | Total Debt<br>Service |
|---------------------------------|---------------------|---------------------|-----------------------|
| 2011                            | \$ 1,300,000        | \$ 315,317          | \$ 1,615,317          |
| 2012                            | 875,000             | 268,317             | 1,143,317             |
| 2013                            | 915,000             | 234,416             | 1,149,416             |
| 2014                            | 460,000             | 199,835             | 659,835               |
| 2015                            | 485,000             | 180,392             | 665,392               |
| 2016-2020                       | 1,485,000           | 677,081             | 2,162,081             |
| 2021-2025                       | 1,465,000           | 385,534             | 1,850,534             |
| 2026-2028                       | 1,035,000           | 68,091              | 1,103,091             |
| Totals                          | <u>\$ 8,020,000</u> | <u>\$ 2,328,982</u> | <u>\$ 10,348,982</u>  |

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

In July 2003, the City issued Public Improvement Revenue Bonds, Series 2003, which included \$4,000,000 in new debt, issued at an interest rate of 3.41 percent to fund voter approved construction of the Lake Mary Municipal Complex, and to refund \$3,305,000 of the outstanding Series 2001 bonds with an interest rate of 4.08 percent. This refunding reduced the City's total debt service payments the following 9 years by \$108,350 and provided a net present value savings of \$94,343.

In February 2007, the City issued a Public Improvement Revenue Bond Series 2007 A & B. Series A issued in the amount of \$5,000,000, at an interest rate of 4.24 percent, provided for the voter approved construction of the Lake Mary Events Center. Series B issued in the amount of \$2,105,000 provided for the refunding of the \$2,150,000 of the outstanding Series 1996 bonds. This refunding reduced the City's total debt service payments the following 8 years by \$79,686 and provided a net present value savings of \$72,995.

During the year ended September 30, 2010, the following changes occurred in long term liabilities:

|  | Balance<br>09/30/2009 | Reductions            | Additions        | Balance<br>09/30/2010 | Balance Due<br>within One<br>Year |
|--|-----------------------|-----------------------|------------------|-----------------------|-----------------------------------|
| <b>Governmental activities</b>                         |                       |                       |                  |                       |                                   |
| Public Improvement Refunding Revenue Bonds Series 2003 | \$ 2,665,000          | \$ (865,000)          | \$ -             | \$ 1,800,000          | \$ 890,000                        |
| Public Improvement Revenue Bonds Series 2007 A & B     | 6,615,000             | (395,000)             | -                | 6,220,000             | 410,000                           |
| Other post employment benefits                         | 57,418                | -                     | 15,966           | 73,384                | -                                 |
| Compensated absences                                   | 1,053,248             | (62,684)              | 56,596           | 1,047,160             | 1,925                             |
| Governmental activity Long-term liabilities            | <u>\$10,390,666</u>   | <u>\$ (1,322,684)</u> | <u>\$ 72,562</u> | <u>\$ 9,140,544</u>   | <u>\$ 1,301,925</u>               |
| <b>Business-type activities:</b>                       |                       |                       |                  |                       |                                   |
| Other post employment benefits                         | \$ 4,678              | \$ -                  | \$ 1,285         | \$ 5,963              | \$ -                              |
| Compensated absences                                   | 64,538                | (3,955)               | 8,507            | 69,090                | 5,527                             |
| Business-type activity long-term liabilities           | <u>\$ 69,216</u>      | <u>\$ (3,955)</u>     | <u>\$ 8,507</u>  | <u>\$ 75,053</u>      | <u>\$ 5,527</u>                   |

The internal service fund predominantly serves other governmental funds. Accordingly, long-term liabilities for the fund are included as part of the above total for governmental activities. At year end, \$24,065 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 47 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, 2010. 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, 2010 were as follows:

| Recipient Fund     | Amount     | Purpose   |
|--------------------|------------|---|
| General Fund       | \$ 850,000 | 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, Information Technology Services, City Manager, City Clerk and Community Development. |
| General Fund       | 32,500     | Transfer from the Street Lighting District to reimburse the General Fund for streetlighting electricity and pole and fixture rental costs.  |
| General Fund       | 10,535     | Additional transfer from Street Lighting District to close fund in anticipation of GASB Statement No. 54 implementation.  |
| Cemetery Fund      | 235,000    | Transfer from General Fund to fund cemetery upgrades.   |
| Debt Service Funds | 1,836,554  | Transfer from the General Fund to cover the debt service payments for the Pubic Improvement Revenue Refunding Bonds Series 2003 and Public Improvement Revenue Bond Series 2007 A& B.   |

Due to/from other funds for the year ended September 30, 2010:

| Recipient Fund | Amount   | Purpose  |
|----------------|----------|--|
| General Fund   | \$ 8,068 | Due from ARRA 311B Fund for purchases made from general funds to be reimbursed by grant funds. |
| General Fund   | 355      | Due from ARRA 311B Fund for purchases made from general funds to be reimbursed by grant funds. |

**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.

**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.

These plans are established by and operated in accordance with Chapters 175 (Fire) & 185 (Police), Florida Statutes. The State requires local governments to make the actuarially determined contribution. 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 Florida Division of Retirement reviews and approves each local government's actuarial report and 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 had never been required to report a net pension obligation (NPO). The State of Florida Department of Management Services, Division of Retirement has required the City of Lake Mary change their contribution method to a fixed percentage of actual payroll. This change in methodology will result in an NPO at year end. In accordance with GASB Statement No. 27, Accounting for Pensions by State and Local Government Employers, the total NPO at year end of \$80,331, the cumulative net contribution in excess of the annual required contribution, is presented as an asset on the City's entity-wide Statement of Net Assets. In accordance with GAAP, the City recorded the direct state pension contribution from insurance premium payments in the amount of \$567,716 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, 2010, were determined as part of the actuarial valuation of the each plan as of October 1, 2008, 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, 2010 were as follows:

|  | Police Officers'<br>Pension Fund | Firefighters'<br>Pension Fund |
|--|----------------------------------|-------------------------------|
| Annual Required Contribution*              | \$ 467,575                       | \$ 662,704                    |
| Interest on Net Pension Obligation (NPO)   | (1,062)                          | (3,892)                       |
| Adjustment to Annual Required Contribution | 1,628                            | 5,740                         |
| Annual Pension Cost                        | 468,141                          | 664,552                       |
| City and State Contributions Made          | (467,575)                        | (682,641)                     |
| Increase/(Decrease) in NPO                 | 566                              | (18,089)                      |
| NPO beginning of year                      | (14,155)                         | (48,653)                      |
| NPO end of year                            | <u>\$ (13,589)</u>               | <u>\$ (66,742)</u>            |

\* includes State contribution

Three Year Trend Information:

| Police Officers' Pension Fund |                                    |                               |                        |
|-------------------------------|------------------------------------|-------------------------------|------------------------|
| Fiscal Year Ending            | Annual Required Contribution (ARC) | Percentage of ARC Contributed | Net Pension Obligation |
| September 30, 2010            | \$ 596,821                         | 100%                          | \$ (13,589)            |
| September 30, 2009            | 565,126                            | 100%                          | (14,155)               |
| September 30, 2008            | 586,438                            | 103%                          | (14,682)               |

| Firefighters' Pension Fund |                                    |                               |                        |
|----------------------------|------------------------------------|-------------------------------|------------------------|
| Fiscal Year Ending         | Annual Required Contribution (ARC) | Percentage of ARC Contributed | Net Pension Obligation |
| September 30, 2010         | \$ 664,552                         | 103%                          | \$ (66,742)            |
| September 30, 2009         | 696,248                            | 102%                          | (48,653)               |
| September 30, 2008         | 591,599                            | 106%                          | (33,569)               |

As of October 1, 2010, the most recent actuarial valuation date, the Police Officers' plan was 86.24 percent funded. The actuarial accrued liability for benefits was \$12,184,792, and the actuarial value of assets was \$10,508,092, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,676,700. The covered payroll (annual payroll of active employees covered by the plan) was \$2,189,138, and the ratio of the UAAL to the covered payroll was 76.6 percent. .

As of October 1, 2010, the most recent actuarial valuation date, the Firefighters' plan was 81.3 percent funded. The actuarial accrued liability for benefits was \$9,887,066, and the actuarial value of assets was \$8,037,537, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,849,529. The covered payroll (annual payroll of active employees covered by the plan) was \$2,384,696, and the ratio of the UAAL to the covered payroll was 77.6 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The amounts legally required as of September 30, 2010 to be reserved for the police and firefighter pension funds are \$9,753,640 and \$7,709,493, respectively. Firefighter pension plan includes three members currently in the Deferred Retirement Option Plan (DROP) with a contribution balance as of September 30, 2010, of \$115,984.

Both plans use the level percentage of pay, closed amortization method. Police Officer's fund reports a 27 year amortization period remaining while Firefighters' report a 29 year amortization period remaining.

During the past year the actuarial experience for the police plan has been slightly more favorable than expected on the basis of actuarial assumptions. The principal components of favorable experience included average increases in pensionable compensation that were lower than the assumed rate and greater than expected turnover. These gains were partially offset by the effect of a 1.9% investment return that was less than the 7.5% assumption. Firefighters Pension plan experienced a net actuarial loss of \$405,497 which was less favorable than expected on the basis of the actuarial assumptions. Gains due to lower than expected salary increases, were more than offset by losses due to recognized investment return below the assumed rate of 8%. The net actuarial loss increased the required employer contribution by 2.01% of covered payroll.

|   | <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 1209.  |
| 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 at termination of employment; 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 completion of 20 years of service, regardless of age.   |
| Benefit                                       | 3.2% of Average Final Compensation <u>times</u> Credited Service.   | 3.2% of Average Final Compensation <u>times</u> Credited Service   |
| Form of Benefit                               | Life, with 10 years certain.  | Single life annuity with 10 years certain; other options are available.  |
| <b>EARLY RETIREMENT</b>                       |   |  |
| Date  | Age 50 and completion of 5 years of Credited Service.   | Age 50 and completion of 10 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<br>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                                | 20.3% of Salary   | 24.46% of Salary   |
| Annual Pension Cost                 | 596,821   | 662,704  |
| Contributions Made                  | 596,821   | 682,641  |
| <b>ACTUARIAL VALUATION:</b>         |   |  |
| Frequency                           | Annual  | Annual   |
| Latest Date                         | 10/1/2008   | 10/1/2008  |
| Basis for Contribution              | 10/1/2008   | 10/1/2008  |
| Actuarial Cost Method               | Entry Age Normal  | Entry Age Normal   |

|                              | <u>POLICE</u>   | <u>FIRE</u>   |
|------------------------------|---|---|
| <b>ACTUARIAL ASSUMPTIONS</b> |   |   |
| Mortality Rates              | 1983 Group Annuity Mortality Table  | 1983 Group Annuity Mortality Table  |
| Termination Rates            | (see police table 1)  | (see Fire Table 2)  |
| Disability Rates             | (see police table 1)  | (see Fire Table 2)  |
| Retirement Age               | Earlier of 1) age 55 and 5 years of service, or 2) the completion of 20 years of Service regardless of age. In addition, members who are eligible to retire on the valuation date are assumed to retire one year later. | Earlier of age 55 and 5 years of service or 20 years of service, regardless of age. 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.  | 7.5% per year until the assumed retirement age; see Fire Table 2.   |
| Payroll Increase             | 5% per year   | 5% per year.  |
| Administrative Expense       | \$21,241 per year.  | assumed to be equal to the expenses for the previous year   |

**Police Table 1**

| Age | % Terminating During the Year | % becoming disabled during the year | Current salary as % of salary at age 50 |
|-----|-------------------------------|-------------------------------------|---|
| 20  | 9.00%                         | 0.03%                               | 13.10%                                  |
| 30  | 7.00%                         | 0.04%                               | 25.80%                                  |
| 40  | 4.00%                         | 0.07%                               | 50.80%                                  |
| 50  | 0.00%                         | 0.18%                               | 100.00%                                 |

**Fire Table 2**

| Age | % Terminating During the Year | % becoming disabled during the year |
|-----|-------------------------------|-------------------------------------|
| 20  | 5.4%                          | 0.03%                               |
| 30  | 3.7%                          | 0.04%                               |
| 40  | 1.1%                          | 0.07%                               |
| 50  | 0.0%                          | 0.18%                               |

**MEMBERS**

|                                  | <u>POLICE</u> | <u>FIRE</u> |
|----------------------------------|---------------|-------------|
| Active Participants:             |               |             |
| Vested                           | 20            | 24          |
| Non-vested                       | 17            | 12          |
| Service Retirees & Beneficiaries | 10            | 4           |
| Disability Retirees              | 1             | 2           |
| Terminated Vested                | 1             | 0           |

**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 permits loans from participant contributions only. All loans are due in full at termination.

For the fiscal year ending September 30, 2010, payroll for the employees covered by this plan was \$4,207,886. Employer contributions required and made were \$420,789, with matching contributions of \$80,888. During FY 2010, the City was able to reallocate forfeited funds remaining in the plan to reduce its cash contribution by \$76,538. Voluntary employee contributions during the fiscal year were \$92,770. As of September 30, 2010, participation in the plan consisted of 97 active members. The outstanding employee loan amount at September 30, 2010 was \$18,297.

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, 2010**

|                                     | Police Pension<br>Trust | Fire Pension<br>Trust | General<br>Employees<br>Pension |
|-------------------------------------|-------------------------|-----------------------|---------------------------------|
| <b>ASSETS</b>                       |                         |                       |                                 |
| Cash and cash equivalents           | \$ 625,453              | \$ 232,975            | \$ 758,865                      |
| Receivables:                        |                         |                       |                                 |
| Interest receivable                 | 33,712                  | 22,974                | -                               |
| Notes receivable - employee         | -                       | -                     | 18,297                          |
| Contributions receivable - employer | 1                       | -                     | -                               |
| Total receivables                   | <u>33,713</u>           | <u>22,974</u>         | <u>18,297</u>                   |
| Investments at fair value           |                         |                       |                                 |
| Domestic corporate & Govt bonds     | 2,837,691               | 3,291,823             | 189,865                         |
| Domestic stocks                     | 5,521,136               | 3,124,801             | 3,044,579                       |
| Other securities                    | 771,953                 | 1,053,337             | 71,670                          |
| Total investments                   | <u>9,130,780</u>        | <u>7,469,961</u>      | <u>3,306,114</u>                |
| Total assets                        | <u>9,789,946</u>        | <u>7,725,910</u>      | <u>4,083,276</u>                |
| <b>LIABILITIES</b>                  |                         |                       |                                 |
| Accounts payable                    | <u>36,306</u>           | <u>16,417</u>         | -                               |
| Total liabilities                   | <u>36,306</u>           | <u>16,417</u>         | -                               |
| <b>NET ASSETS</b>                   |                         |                       |                                 |
| Held in trust for pension benefits  | <u>\$ 9,753,640</u>     | <u>\$ 7,709,493</u>   | <u>\$ 4,083,276</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, 2010**

|   | Police Pension<br>Trust | Fire Pension<br>Trust | General<br>Employees<br>Pension |
|---|-------------------------|-----------------------|---------------------------------|
| <b>ADDITIONS</b>  |                         |                       |                                 |
| Contributions:  |                         |                       |                                 |
| Employer contributions                                  | \$ 467,575              | \$ 512,085            | \$ 425,139                      |
| State contributions                                     | 129,246                 | 170,556               | -                               |
| Employee contributions                                  | 111,764                 | 115,857               | 92,770                          |
| Total contributions                                     | <u>708,585</u>          | <u>798,498</u>        | <u>517,909</u>                  |
| Investment earnings                                     |                         |                       |                                 |
| Interest  | 240,356                 | 215,607               | -                               |
| Net increase (decrease) in fair value<br>of investments | <u>514,118</u>          | <u>432,627</u>        | <u>269,089</u>                  |
| Net investment earnings (loss)                          | <u>754,474</u>          | <u>648,234</u>        | <u>269,089</u>                  |
| Total additions   | <u>1,463,059</u>        | <u>1,446,732</u>      | <u>786,998</u>                  |
| <b>DEDUCTIONS</b>                                       |                         |                       |                                 |
| Benefit payments  | 317,452                 | 75,202                | 249,073                         |
| Refunds of contributions                                | 35,027                  | -                     | -                               |
| Administrative expenses                                 | 86,200                  | 73,953                | 1,015                           |
| Total deductions  | <u>438,679</u>          | <u>149,155</u>        | <u>250,088</u>                  |
| Change in net assets                                    | 1,024,380               | 1,297,577             | 536,910                         |
| Net assets - beginning                                  | <u>8,729,260</u>        | <u>6,411,916</u>      | <u>3,546,366</u>                |
| Net assets - ending                                     | <u>\$ 9,753,640</u>     | <u>\$ 7,709,493</u>   | <u>\$ 4,083,276</u>             |

**NOTE 13 OTHER POST EMPLOYMENT BENEFITS**

Pursuant to Resolution 830, and in accordance with Florida Statutes Section 112.0801, the City of Lake Mary makes continuation of group health insurance through the city's current provider available to retirees and eligible dependents provided certain service requirements and normal age retirement requirements have been met. This single-employer benefit plan has no cost to the City, other than the implicit cost of including retirees in the group calculation. All premiums are paid by the retiree. The City has two retirees currently receiving benefits. The City has chosen pay-as-you-go funding, but is recording the liability in the government wide financial statements. This plan does not issue stand-alone financial statements.

The latest actuarial report for the City's Retiree Continuation Insurance plan was prepared as of October 1, 2010. At that point in time, the unfunded actuarial accrued liability (UAAL) for benefits was \$162,214. The covered payroll was \$8,994,082 and the ratio of UAAL to covered payroll was 1.8 percent.

The annual required contribution and Net OPEB Obligation for the fiscal year ended September 30, 2010 is as follows:

City of Lake Mary Retiree Continuation Insurance Plan

|  |                  |
|--|------------------|
| Annual Required contribution               | \$ 21,550        |
| Interest on net OPEB Obligation            | 2,931            |
| Adjustment to annual required contribution | <u>(7,230)</u>   |
| Annual OPEB Cost                           | <u>17,251</u>    |
| Employer Contributions                     | <u>-</u>         |
| Increase in Net OPEB Obligation            | <u>17,251</u>    |
| Net OPEB Obligation (beginning of year)    | <u>62,096</u>    |
| Net OPEB Obligation (end of year)          | <u>\$ 79,347</u> |

In fiscal year 2008, the City early implemented GASB 45 and elected to report prospectively. GASB requires the obligation to be recorded but entities are not required to fund this obligation.

Summary of Actuarial Methods & Assumptions:

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial Cost Method:

The projected unit credit cost method was used to determine all liabilities, with the liability for each active employee assumed to accrue over his working lifetime based on elapsed time from his date of hire until retirement. Actuarial Accrued liability is amortized as a level dollar amount over a 10 year closed period.

Decrements:

Mortality: RP-2000 Combined Mortality.

Disability Rate: N/A.

Retirement: Retirement was assumed to occur as follows:

|                                 |   |
|---------------------------------|---|
| Firefighters & Police officers: | Age 55 with at least five years of service, or<br>Any age with at least 20 years of service |
| Elected official:               | Age 55 and at least 6 years of service  |
| All others:                     | Age 60 with at least five years of service  |

Investment Return (Discount Rate):

3.0% unfunded plan

Health care Costs Trend Rates: The cost of covered medical services has been assumed to increase in accordance with the following rates, compounded annually:

| Year | Increase | Year | increase | Year      | Increase |
|------|----------|------|----------|-----------|----------|
| 2011 | 10.00%   | 2015 | 8.00%    | 2019      | 6.00%    |
| 2012 | 9.50%    | 2016 | 7.50%    | 2020      | 5.50%    |
| 2013 | 9.00%    | 2017 | 7.00%    | and later |          |
| 2014 | 8.50%    | 2018 | 6.50%    |           |          |

Sample Annual Termination Rates:

| <u>Age</u>  | <u>Rate</u> |
|-------------|-------------|
| 22          | 22.50%      |
| 32          | 10.80%      |
| 42          | 6.50%       |
| 52          | 4.30%       |
| 62 and over | 0.00%       |

Annual Rates of Retirement:

| <u>Age</u>  | <u>Fire &amp; Police</u> | <u>Elected Officials</u> | <u>Other</u> |
|-------------|--------------------------|--------------------------|--------------|
| 45-49       | 10.0%                    | 0.0%                     | 0.0%         |
| 50-54       | 25.0%                    | 0.0%                     | 0.0%         |
| 55-59       | 25.0%                    | 25.0%                    | 0.0%         |
| 60-64       | 100.0%                   | 100.0%                   | 25.0%        |
| 65 and over |                          |                          |              |

Monthly Claim Cost

| <u>Age</u> | <u>Medical</u><br><u>Per Participant</u> | <u>Dental</u><br><u>Per Participant</u> |
|------------|--|---|
| 50         | \$ 592.28                                | \$ 28.06                                |
| 55         | 653.93                                   | 28.06                                   |
| 60         | 721.98                                   | 28.06                                   |
| 64         | 781.50                                   | 28.06                                   |

No adjustment was made to claim costs for Medicare Part D

Implied Subsidy (Dental Insurance):

There is no implied subsidy for dental insurance since it is assumed that neither the premium nor dental claims for covered individuals increases with age.

Attribution Period:

The attribution period is the portion of a participant's service to which the expected postretirement benefit obligation is assigned. The beginning of the attribution period is the date of hire and the end of the attribution period is the earliest eligibility date.

Retiree Contributions:

Retirees electing post-employment healthcare coverage have been assumed to make monthly contributions equal to the premium charged to the active employees.

Cost of Living Increases:

Retiree contributions have been assumed to increase in accordance with the healthcare cost trend assumption.

Medical Plan Choice:

Future retirees have been assumed to elect single or family coverage under the basic or enhanced HMO plan or the HSA/High Deductible plan in accordance with their current election.

Future Participation Rates:

5% of eligible employees were assumed to elect coverage until Medicare eligibility upon retirement or disability.

Married Participants:

Assumed 80%, assumed retirees who elect spousal coverage: 5%, age difference: male is 3 years older.

COBRA Assumption:

Future healthcare coverage provided solely pursuant to COBRA was not included in the OPEB valuation; because the COBRA premium is determined periodically based on plan experience, we assumed that the COBRA premium to be paid by the participant fully covers the cost of providing healthcare coverage during the relevant period.

Summary of Benefits:

Other Post-Employment Benefits (OPEBs)

The City of Lake Mary provides optional post-employment healthcare, dental and life insurance coverage to eligible individuals.

Eligible Individuals:

Eligible individuals include all regular, full-time employees and certain elected officials of the City of Lake Mary who retire from active service and are eligible for retirement or disability benefits under the general employee or fire and police pension plans. Under certain conditions, eligible individuals for healthcare coverage also include spouses and dependent children.

Choice of Healthcare Plans:

Eligible individuals may choose healthcare coverage under a basic or enhanced health maintenance organization (HMO) plan or under a qualified high-deductible plan that is paired with a health savings account (HSA).

Required Monthly Premium for Post-Employment Healthcare Coverage:

Retirees must pay a monthly premium as determined by the insurance carrier. The premium varies depending on whether the retiree elects coverage under one of the HMO or high deductible plans and whether the retiree elects single or family coverage.

**NOTE 14 DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan created in accordance with the 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 15 IMPLEMENTATION OF NEW ACCOUNTING STATEMENTS**

During the Fiscal Year 2009, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations. This Statement identifies the circumstances under which a government entity would be required to report a liability related to pollution remediation. As of September 30, 2010, the City believes that it has not experienced an obligating event as defined in this statement.

In preparation to implement GASB Statement 54, the City has eliminated the Street Lighting fund and is accounting for those activities as a part of the General Fund as defined within the statement.

**NOTE 16 SUBSEQUENT EVENTS**

The City has evaluated subsequent events through February 14, 2011, the date which the accompanying financial statements were available to be issued. The City can report that on October 1, 2010, the City accepted the land transfer for the Lake Mary Cemetery previously owned by the non-profit Lake Mary Cemetery Association which ceased its' operations. The cemetery is now wholly owned and operated by the City.

**CITY OF LAKE MARY, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2010**

Lake Mary Police Officers' Pension Plan

Schedule of Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued 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) |
|--------------------------|-------------------------------|---|---------------------------|--------------------|---------------------|--|
| 10/1/2010                | \$ 10,508,092                 | \$ 12,184,792                                     | \$ 1,676,700              | 86.2%              | \$ 2,189,138        | 76.6%                                    |
| 10/1/2009                | 9,641,214                     | 11,202,161  | 1,560,947                 | 86.1%              | 2,189,756           | 71.3%                                    |
| 10/1/2008                | 9,346,602                     | 10,157,366  | 810,764                   | 92.0%              | 2,384,276           | 34.0%                                    |
| 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%                                    |

\*\*Plan changed from aggregate actuarial cost method

Schedule of Contributions from Employers and Other Contributing Entities

| Fiscal Year Ending | Annual Required Contribution (ARC) | Percentage of ARC Contributed | Net Pension Obligation |
|--------------------|------------------------------------|-------------------------------|------------------------|
| September 30, 2010 | \$ 596,821                         | 100%                          | \$ (13,589)            |
| September 30, 2009 | 565,126                            | 100%                          | (14,155)               |
| September 30, 2008 | 586,438                            | 103%                          | (14,682)               |
| September 30, 2007 | 523,261                            | 100%                          | -                      |
| September 30, 2006 | 506,018                            | 100%                          | -                      |

Lake Mary Firefighters' Pension Plan

Schedule of Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued 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) |
|--------------------------|-------------------------------|---|---------------------------|--------------------|---------------------|--|
| 10/1/2010                | \$ 8,037,537                  | \$ 9,887,066                                      | \$ 1,849,529              | 81.3%              | \$ 2,384,696        | 77.6%                                    |
| 10/1/2009                | 7,024,260                     | 8,510,231   | 1,485,971                 | 82.5%              | 2,573,614           | 57.7%                                    |
| 10/1/2008                | 6,362,307                     | 8,076,531   | 1,714,224                 | 78.8%              | 2,424,832           | 70.7%                                    |
| 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%                                    |

\*\*Plan changed from aggregate actuarial cost method

Schedule of Contributions from Employers and Other Contributing Entities

| <u>Fiscal Year Ending</u> | <u>Annual Required Contribution (ARC)</u> | <u>Percentage of ARC Contributed</u> | <u>Net Pension Obligation</u> |
|---------------------------|---|--------------------------------------|-------------------------------|
| September 30, 2010        | \$ 664,552                                | 103%                                 | \$ (66,742)                   |
| September 30, 2009        | 696,248                                   | 102%                                 | (48,653)                      |
| September 30, 2008        | 591,599                                   | 109%                                 | (33,569)                      |
| September 30, 2007        | 454,050                                   | 100%                                 | -                             |
| September 30, 2006        | 361,562                                   | 100%                                 | -                             |

City of Lake Mary Retiree Continuation Insurance Plan

Schedule of Funding Progress

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets (a)</u> | <u>Actuarial Accrued Liability (AAL) - Unit Credit (b)</u> | <u>Unfunded AAL (UAAL) (b-a)</u> | <u>Funded Ratio (a/b)</u> | <u>Covered Payroll (c)</u> | <u>UAAL as a % of Covered Payroll ((b-a)/c)</u> |
|---------------------------------|--------------------------------------|--|----------------------------------|---------------------------|----------------------------|---|
| 10/1/2010                       | \$ -                                 | \$ 162,214   | \$ 162,214                       | 0.0%                      | \$ 8,994,082               | 1.8%  |
| 10/1/2007                       | -                                    | 79,481   | 79,481                           | 0.0%                      | 6,786,455                  | 1.2%  |

Schedule of Contributions from Employers and Other Contributing Entities

| <u>Fiscal Year Ending</u> | <u>Annual Required Contribution (ARC)</u> | <u>Percentage of ARC Contributed</u> | <u>Net OPEB Obligation</u> |
|---------------------------|---|--------------------------------------|----------------------------|
| September 30, 2010        | \$ 17,251                                 | 0%                                   | \$ 79,347                  |
| September 30, 2009        | 22,090                                    | 0%                                   | 62,096                     |
| September 30, 2008        | 20,090                                    | 0%                                   | 40,006                     |
| September 30, 2007        | 19,916                                    | 0%                                   | 19,916                     |

# **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 938.15, 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 932.7055 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. In preparation for the implementation of GASB 54, this fund has been absorbed into General Fund.

LAKE MARY CEMETERY FUND - This fund is used to account for cemetery activities. At year end the cemetery was in transition to City ownership.

ARRA (American Reinvestment & Recovery Act) FUNDS - These funds are used to account for the Grant receipts and disbursements as required by the Federal Government.

## **DEBT SERVICE FUNDS**

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

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

**City of Lake Mary, Florida  
Combining Balance Sheet  
Nonmajor Governmental Funds  
As of September 30, 2010**

|                                      | Special Revenue             |                       |                     |                                |                           |                            |                   |
|--------------------------------------|-----------------------------|-----------------------|---------------------|--------------------------------|---------------------------|----------------------------|-------------------|
|                                      | Police<br>Education<br>Fund | Police<br>Impact Fees | Fire Impact<br>Fees | Public<br>Works<br>Impact Fees | Recreation<br>Impact Fees | Law Enforce-<br>ment Trust | Cemetery<br>Fund  |
| <b>ASSETS</b>                        |                             |                       |                     |                                |                           |                            |                   |
| Current Assets:                      |                             |                       |                     |                                |                           |                            |                   |
| Cash and cash equivalents            | \$ 38,250                   | \$ 55,092             | \$ 36,743           | \$ 9,791                       | \$ 54,366                 | \$ 59,732                  | \$ 233,420        |
| Investments                          | 90,516                      | 302,785               | 146,999             | 41,486                         | 81,603                    | 246,820                    | -                 |
| Interest receivable                  | 334                         | 927                   | 472                 | 131                            | 349                       | 794                        | -                 |
| Due from other governments           | -                           | -                     | -                   | -                              | -                         | -                          | -                 |
| Total Assets                         | <u>\$ 129,100</u>           | <u>\$ 358,804</u>     | <u>\$ 184,214</u>   | <u>\$ 51,408</u>               | <u>\$ 136,318</u>         | <u>\$ 307,346</u>          | <u>\$ 233,420</u> |
| <b>LIABILITIES AND FUND BALANCES</b> |                             |                       |                     |                                |                           |                            |                   |
| Liabilities                          |                             |                       |                     |                                |                           |                            |                   |
| Accounts payable                     | -                           | -                     | -                   | -                              | -                         | 4,508                      | 6,945             |
| Due to other funds                   | -                           | -                     | -                   | -                              | -                         | -                          | -                 |
| Total Liabilities                    | <u>-</u>                    | <u>-</u>              | <u>-</u>            | <u>-</u>                       | <u>-</u>                  | <u>4,508</u>               | <u>6,945</u>      |
| <b>FUND BALANCES</b>                 |                             |                       |                     |                                |                           |                            |                   |
| Reserved for debt service            | \$ -                        | \$ -                  | \$ -                | \$ -                           | \$ -                      | \$ -                       | \$ -              |
| Unreserved, undesignated             | 129,100                     | 358,804               | 184,214             | 51,408                         | 136,318                   | 302,838                    | 226,475           |
| Total Fund Balance                   | <u>129,100</u>              | <u>358,804</u>        | <u>184,214</u>      | <u>51,408</u>                  | <u>136,318</u>            | <u>302,838</u>             | <u>226,475</u>    |
| Total liabilities and fund balances  | <u>\$ 129,100</u>           | <u>\$ 358,804</u>     | <u>\$ 184,214</u>   | <u>\$ 51,408</u>               | <u>\$ 136,318</u>         | <u>\$ 307,346</u>          | <u>\$ 233,420</u> |

| Special Revenue  |                  |                  |                           |                     | Debt Service         |                           |                   | Total<br>Nonmajor<br>Governmental<br>Funds |
|------------------|------------------|------------------|---------------------------|---------------------|----------------------|---------------------------|-------------------|--|
| ARRA<br>254-B    | ARRA<br>256-B    | ARRA<br>311-B    | ARRC<br>SEMI-1-W7-<br>153 | Total               | PIRRB Series<br>2003 | PIRB Series<br>2007 A & B | Total             |  |
| \$ -             | \$ -             | \$ -             | \$ 355                    | \$ 487,749          | \$ 1                 | \$ 541,534                | \$ 541,535        | \$ 1,029,284                               |
| -                | -                | -                | -                         | 910,209             | -                    | -                         | -                 | 910,209                                    |
| -                | -                | -                | -                         | 3,007               | -                    | -                         | -                 | 3,007                                      |
| 70,924           | 33,322           | 42,559           | 355                       | 147,160             | -                    | -                         | -                 | 147,160                                    |
| <u>\$ 70,924</u> | <u>\$ 33,322</u> | <u>\$ 42,559</u> | <u>\$ 710</u>             | <u>\$ 1,548,125</u> | <u>\$ 1</u>          | <u>\$ 541,534</u>         | <u>\$ 541,535</u> | <u>\$ 2,089,660</u>                        |
| 70,924           | 33,322           | 34,491           | 355                       | 150,545             | -                    | -                         | -                 | 150,545                                    |
| -                | -                | 8,068            | 355                       | 8,423               | -                    | -                         | -                 | 8,423                                      |
| <u>70,924</u>    | <u>33,322</u>    | <u>42,559</u>    | <u>710</u>                | <u>158,968</u>      | <u>-</u>             | <u>-</u>                  | <u>-</u>          | <u>158,968</u>                             |
| \$ -             | \$ -             | \$ -             | \$ -                      | \$ -                | \$ 1                 | \$ 541,534                | \$ 541,535        | \$ 541,535                                 |
| -                | -                | -                | -                         | 1,389,157           | -                    | -                         | -                 | 1,389,157                                  |
| -                | -                | -                | -                         | 1,389,157           | 1                    | 541,534                   | 541,535           | 1,930,692                                  |
| <u>\$ 70,924</u> | <u>\$ 33,322</u> | <u>\$ 42,559</u> | <u>\$ 710</u>             | <u>\$ 1,548,125</u> | <u>\$ 1</u>          | <u>\$ 541,534</u>         | <u>\$ 541,535</u> | <u>\$ 2,089,660</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, 2010**

|  | Special Revenue Funds       |                          |                        |                                   |                                   |                                  |  |                                |
|--|-----------------------------|--------------------------|------------------------|-----------------------------------|-----------------------------------|----------------------------------|--|--------------------------------|
|  | Police<br>Education<br>Fund | Police<br>Impact<br>Fees | Fire<br>Impact<br>Fees | Public<br>Works<br>Impact<br>Fees | Rec-<br>reation<br>Impact<br>Fees | Law<br>Enforce-<br>ment<br>Trust | Police<br>and<br>Firefighter<br>Premium<br>Tax Trust | Street<br>Lighting<br>District |
| <b>REVENUES</b>  |                             |                          |                        |                                   |                                   |                                  |  |                                |
| Charges for Services   | \$ -                        | \$ -                     | \$ -                   | \$ -                              | \$ -                              | \$ -                             | \$ -   | \$ -                           |
| Impact fees/assessments  | -                           | 4,853                    | 4,290                  | 809                               | 8,378                             | -                                | -  | 29,074                         |
| Fines and forfeitures  | 5,695                       | -                        | -                      | -                                 | -                                 | 44,042                           | -  | -                              |
| Intergovernmental revenues                                     | -                           | -                        | -                      | -                                 | -                                 | -                                | 299,802  | -                              |
| Investment income  | 2,321                       | 6,514                    | 3,291                  | 918                               | 2,344                             | 5,554                            | -  | 213                            |
| Other  | -                           | -                        | -                      | -                                 | -                                 | -                                | -  | -                              |
| Total revenues   | <u>8,016</u>                | <u>11,367</u>            | <u>7,581</u>           | <u>1,727</u>                      | <u>10,722</u>                     | <u>49,596</u>                    | <u>299,802</u>                                       | <u>29,287</u>                  |
| <b>EXPENDITURES</b>  |                             |                          |                        |                                   |                                   |                                  |  |                                |
| Current:   |                             |                          |                        |                                   |                                   |                                  |  |                                |
| General government   | -                           | -                        | -                      | -                                 | -                                 | -                                | -  | -                              |
| Public works   | -                           | -                        | -                      | -                                 | -                                 | -                                | -  | -                              |
| Public safety  | 4,420                       | -                        | -                      | -                                 | -                                 | 31,302                           | 299,802  | -                              |
| Debt service:  |                             |                          |                        |                                   |                                   |                                  |  |                                |
| Principal  | -                           | -                        | -                      | -                                 | -                                 | -                                | -  | -                              |
| Interest and other fiscal charges                              | -                           | -                        | -                      | -                                 | -                                 | -                                | -  | -                              |
| Capital outlay:  |                             |                          |                        |                                   |                                   |                                  |  |                                |
| General government   | -                           | -                        | -                      | -                                 | -                                 | -                                | -  | -                              |
| Public safety  | -                           | -                        | -                      | -                                 | -                                 | -                                | -  | -                              |
| Total expenditures   | <u>4,420</u>                | <u>-</u>                 | <u>-</u>               | <u>-</u>                          | <u>-</u>                          | <u>31,302</u>                    | <u>299,802</u>                                       | <u>-</u>                       |
| Excess (deficiencies) of revenues<br>over (under) expenditures | <u>3,596</u>                | <u>11,367</u>            | <u>7,581</u>           | <u>1,727</u>                      | <u>10,722</u>                     | <u>18,294</u>                    | <u>-</u>   | <u>29,287</u>                  |
| <b>OTHER FINANCING SOURCES (USES)</b>                          |                             |                          |                        |                                   |                                   |                                  |  |                                |
| Transfers in   | -                           | -                        | -                      | -                                 | -                                 | -                                | -  | -                              |
| Transfers out  | -                           | -                        | -                      | -                                 | -                                 | -                                | -  | (43,035)                       |
| Total other financing sources and uses                         | <u>-</u>                    | <u>-</u>                 | <u>-</u>               | <u>-</u>                          | <u>-</u>                          | <u>-</u>                         | <u>-</u>   | <u>(43,035)</u>                |
| Net change in fund balances                                    | 3,596                       | 11,367                   | 7,581                  | 1,727                             | 10,722                            | 18,294                           | -  | (13,748)                       |
| Fund Balances - beginning                                      | <u>125,504</u>              | <u>347,437</u>           | <u>176,633</u>         | <u>49,681</u>                     | <u>125,596</u>                    | <u>284,544</u>                   | <u>-</u>   | <u>13,748</u>                  |
| Fund Balances - end  | <u>\$ 129,100</u>           | <u>\$ 358,804</u>        | <u>\$ 184,214</u>      | <u>\$ 51,408</u>                  | <u>\$ 136,318</u>                 | <u>\$ 302,838</u>                | <u>\$ -</u>  | <u>\$ -</u>                    |

| Special Revenue Funds |                |                |                |                            |                     | Debt Service            |                                 |                    | Total<br>Nonmajor<br>Governmen-<br>tal Funds |
|-----------------------|----------------|----------------|----------------|----------------------------|---------------------|-------------------------|---------------------------------|--------------------|--|
| Lake Mary<br>Cemetery | ARRA 254-<br>B | ARRA 256-<br>B | ARRA 311-<br>B | ARRC-<br>SEMI-1-<br>W7-153 | Total               | PIRRB<br>Series<br>2003 | PIRB<br>Series<br>2007 A &<br>B | Total              |  |
| \$ 1,000              | \$ -           | \$ -           | \$ -           | \$ -                       | \$ 1,000            | \$ -                    | \$ -                            | \$ -               | \$ 1,000                                     |
| -                     | -              | -              | -              | -                          | 47,404              | -                       | -                               | -                  | 47,404                                       |
| -                     | -              | -              | -              | -                          | 49,737              | -                       | -                               | -                  | 49,737                                       |
| -                     | 709,242        | 355,291        | 391,095        | 88,499                     | 1,843,929           | -                       | -                               | -                  | 1,843,929                                    |
| 1,754                 | -              | -              | -              | -                          | 22,909              | -                       | -                               | -                  | 22,909                                       |
| 37,498                | -              | -              | -              | -                          | 37,498              | -                       | -                               | -                  | 37,498                                       |
| <u>40,252</u>         | <u>709,242</u> | <u>355,291</u> | <u>391,095</u> | <u>88,499</u>              | <u>2,002,477</u>    | <u>-</u>                | <u>-</u>                        | <u>-</u>           | <u>2,002,477</u>                             |
| 21,578                | -              | -              | -              | -                          | 21,578              | -                       | -                               | -                  | 21,578                                       |
| -                     | 709,242        | 355,291        | 391,095        | -                          | 1,455,628           | -                       | -                               | -                  | 1,455,628                                    |
| -                     | -              | -              | -              | -                          | 335,524             | -                       | -                               | -                  | 335,524                                      |
| -                     | -              | -              | -              | -                          | -                   | 865,000                 | 395,000                         | 1,260,000          | 1,260,000                                    |
| -                     | -              | -              | -              | -                          | -                   | 90,876                  | 270,493                         | 361,369            | 361,369                                      |
| 27,199                | -              | -              | -              | -                          | 27,199              | -                       | -                               | -                  | 27,199                                       |
| -                     | -              | -              | -              | 88,499                     | 88,499              | -                       | -                               | -                  | 88,499                                       |
| <u>48,777</u>         | <u>709,242</u> | <u>355,291</u> | <u>391,095</u> | <u>88,499</u>              | <u>1,928,428</u>    | <u>955,876</u>          | <u>665,493</u>                  | <u>1,621,369</u>   | <u>3,549,797</u>                             |
| <u>(8,525)</u>        | <u>-</u>       | <u>-</u>       | <u>-</u>       | <u>-</u>                   | <u>74,049</u>       | <u>(955,876)</u>        | <u>(665,493)</u>                | <u>(1,621,369)</u> | <u>(1,547,320)</u>                           |
| 235,000               | -              | -              | -              | -                          | 235,000             | 943,357                 | 893,197                         | 1,836,554          | 2,071,554                                    |
| -                     | -              | -              | -              | -                          | (43,035)            | -                       | -                               | -                  | (43,035)                                     |
| <u>235,000</u>        | <u>-</u>       | <u>-</u>       | <u>-</u>       | <u>-</u>                   | <u>191,965</u>      | <u>943,357</u>          | <u>893,197</u>                  | <u>1,836,554</u>   | <u>2,028,519</u>                             |
| 226,475               | -              | -              | -              | -                          | 266,014             | (12,519)                | 227,704                         | 215,185            | 481,199                                      |
| -                     | -              | -              | -              | -                          | 1,123,143           | 12,520                  | 313,830                         | 326,350            | 1,449,493                                    |
| <u>\$ 226,475</u>     | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>                | <u>\$ 1,389,157</u> | <u>\$ 1</u>             | <u>\$ 541,534</u>               | <u>\$ 541,535</u>  | <u>\$ 1,930,692</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, 2010**

|  | Budgeted Amounts  |                   | Actual<br>Amounts | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|-------------------|-------------------|-------------------|--|
|  | Original          | Final             |                   |  |
|  |                   |                   |                   |  |
| <b>REVENUES</b>  |                   |                   |                   |  |
| Fines and forfeitures  | \$ 9,500          | \$ 9,500          | \$ 5,695          | \$ (3,805)   |
| Investment income  | 1,900             | 1,900             | 2,321             | 421  |
| Total revenues   | <u>11,400</u>     | <u>11,400</u>     | <u>8,016</u>      | <u>(3,384)</u>   |
| <b>EXPENDITURES</b>  |                   |                   |                   |  |
| Current:   |                   |                   |                   |  |
| Public safety  | <u>16,800</u>     | <u>16,800</u>     | <u>4,420</u>      | <u>12,380</u>  |
| Total expenditures   | <u>16,800</u>     | <u>16,800</u>     | <u>4,420</u>      | <u>12,380</u>  |
| Excess (deficiencies) of revenues<br>over (under) expenditures | <u>(5,400)</u>    | <u>(5,400)</u>    | <u>3,596</u>      | <u>8,996</u>   |
| Fund balances at beginning of year                             | <u>125,504</u>    | <u>125,504</u>    | <u>125,504</u>    | <u>-</u>   |
| Fund balances at end of year                                   | <u>\$ 120,104</u> | <u>\$ 120,104</u> | <u>\$ 129,100</u> | <u>\$ 8,996</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, 2010**

|  | Budgeted Amounts  |                   | Actual<br>Amounts | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|-------------------|-------------------|-------------------|--|
|  | Original          | Final             |                   |  |
|  | <b>REVENUES</b>   |                   |                   |  |
| Impact fees/assessments  | \$ 7,500          | \$ 7,500          | \$ 4,853          | \$ (2,647)   |
| Investment income  | 5,250             | 5,250             | 6,514             | 1,264  |
| Total revenues   | <u>12,750</u>     | <u>12,750</u>     | <u>11,367</u>     | <u>(1,383)</u>   |
| <b>EXPENDITURES</b>  |                   |                   |                   |  |
| Capital Outlay:  |                   |                   |                   |  |
| Public safety  | -                 | -                 | -                 | -  |
| Total expenditures   | <u>-</u>          | <u>-</u>          | <u>-</u>          | <u>-</u>   |
| Excess (deficiencies) of revenues<br>over (under) expenditures | <u>12,750</u>     | <u>12,750</u>     | <u>11,367</u>     | <u>(1,383)</u>   |
| Fund balances at beginning of year                             | <u>347,437</u>    | <u>347,437</u>    | <u>347,437</u>    | <u>-</u>   |
| Fund balances at end of year                                   | <u>\$ 360,187</u> | <u>\$ 360,187</u> | <u>\$ 358,804</u> | <u>\$ (1,383)</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, 2010**

|  | Budgeted Amounts  |                   | Actual<br>Amounts | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|-------------------|-------------------|-------------------|--|
|  | Original          | Final             |                   |  |
|  | <b>REVENUES</b>   |                   |                   |  |
| Impact fees/assessments  | \$ 6,500          | \$ 6,500          | \$ 4,290          | \$ (2,210)   |
| Investment income  | 3,000             | 3,000             | 3,291             | 291  |
| Total revenues   | <u>9,500</u>      | <u>9,500</u>      | <u>7,581</u>      | <u>(1,919)</u>   |
| <b>EXPENDITURES</b>  |                   |                   |                   |  |
| Capital Outlay:  |                   |                   |                   |  |
| Public safety  | -                 | -                 | -                 | -  |
| Total expenditures   | <u>-</u>          | <u>-</u>          | <u>-</u>          | <u>-</u>   |
| Excess (deficiencies) of revenues<br>over (under) expenditures | <u>9,500</u>      | <u>9,500</u>      | <u>7,581</u>      | <u>(1,919)</u>   |
| Fund balances at beginning of year                             | <u>176,633</u>    | <u>176,633</u>    | <u>176,633</u>    | <u>-</u>   |
| Fund balances at end of year                                   | <u>\$ 186,133</u> | <u>\$ 186,133</u> | <u>\$ 184,214</u> | <u>\$ (1,919)</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, 2010**

|  | Budgeted Amounts |           | Actual<br>Amounts | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|------------------|-----------|-------------------|--|
|  | Original         | Final     |                   |  |
|  | REVENUES         |           |                   |  |
| Impact fees/assessments  | \$ 1,200         | \$ 1,200  | \$ 809            | \$ (391)   |
| Investment income  | 900              | 900       | 918               | 18   |
| Total revenues   | 2,100            | 2,100     | 1,727             | (373)  |
| EXPENDITURES   |                  |           |                   |  |
| Capital Outlay:  |                  |           |                   |  |
| Public works   | -                | -         | -                 | -  |
| Total expenditures   | -                | -         | -                 | -  |
| Excess (deficiencies) of revenues<br>over (under) expenditures | 2,100            | 2,100     | 1,727             | (373)  |
| Fund balances at beginning of year                             | 49,681           | 49,681    | 49,681            | -  |
| Fund balances at end of year                                   | \$ 51,781        | \$ 51,781 | \$ 51,408         | \$ (373)   |

**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, 2010**

|  | Budgeted Amounts  |                  | Actual<br>Amounts | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|-------------------|------------------|-------------------|--|
|  | Original          | Final            |                   |  |
|  |                   |                  |                   |  |
| <b>REVENUES</b>  |                   |                  |                   |  |
| Impact fees/assessments  | \$ 5,500          | \$ 5,500         | \$ 8,378          | \$ 2,878   |
| Investment income  | 1,800             | 1,800            | 2,344             | 544  |
| Total revenues   | <u>7,300</u>      | <u>7,300</u>     | <u>10,722</u>     | <u>3,422</u>   |
| <b>EXPENDITURES</b>  |                   |                  |                   |  |
| Capital Outlay:  |                   |                  |                   |  |
| Parks and recreation   | 7,500             | 83,377           | -                 | 83,377   |
| Total expenditures   | <u>7,500</u>      | <u>83,377</u>    | <u>-</u>          | <u>83,377</u>  |
| Excess (deficiencies) of revenues<br>over (under) expenditures | <u>(200)</u>      | <u>(76,077)</u>  | <u>10,722</u>     | <u>86,799</u>  |
| Fund balances at beginning of year                             | 125,596           | 125,596          | 125,596           | -  |
| Fund balances at end of year                                   | <u>\$ 125,396</u> | <u>\$ 49,519</u> | <u>\$ 136,318</u> | <u>\$ 86,799</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, 2010**

|  | Budgeted Amounts |            | Actual<br>Amounts | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|------------------|------------|-------------------|--|
|  | Original         | Final      |                   |  |
|  | REVENUES         |            |                   |  |
| Fines and forfeitures  | \$ -             | \$ 18,842  | \$ 44,042         | \$ 25,200  |
| Investment income  | 3,000            | 3,000      | 5,554             | 2,554  |
| Total revenues   | 3,000            | 21,842     | 49,596            | 27,754   |
| EXPENDITURES   |                  |            |                   |  |
| Current:   |                  |            |                   |  |
| Public safety  | 10,500           | 77,115     | 31,302            | 45,813   |
| Total expenditures   | 10,500           | 77,115     | 31,302            | 45,813   |
| Excess (deficiencies) of revenues<br>over (under) expenditures | (7,500)          | (55,273)   | 18,294            | 73,567   |
| Fund balances at beginning of year                             | 284,544          | 284,544    | 284,544           | -  |
| Fund balances at end of year                                   | \$ 277,044       | \$ 229,271 | \$ 302,838        | \$ 73,567  |

**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, 2010**

|  | Budgeted Amounts |           | Actual<br>Amounts | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|------------------|-----------|-------------------|--|
|  | Original         | Final     |                   |  |
|  |                  |           |                   |  |
| <b>REVENUES</b>  |                  |           |                   |  |
| Impact fees/assessments  | \$ 32,500        | \$ 32,500 | \$ 29,074         | \$ (3,426)   |
| Investment income  | 100              | 100       | 213               | 113  |
| Total revenues   | 32,600           | 32,600    | 29,287            | (3,313)  |
| <b>EXPENDITURES</b>  |                  |           |                   |  |
| Current:   |                  |           |                   |  |
| General government   | -                | -         | -                 | -  |
| Total expenditures   | -                | -         | -                 | -  |
| Excess (deficiencies) of revenues<br>over (under) expenditures | 32,600           | 32,600    | 29,287            | (3,313)  |
| <b>OTHER FINANCING SOURCES (USES)</b>                          |                  |           |                   |  |
| Transfers out  | (32,500)         | (32,500)  | (43,035)          | (10,535)   |
| Total other financing sources and uses                         | (32,500)         | (32,500)  | (43,035)          | (10,535)   |
| Net change in fund balances                                    | 100              | 100       | (13,748)          | (13,848)   |
| Fund balances at beginning of year                             | 13,748           | 13,748    | 13,748            | -  |
| Fund balances at end of year                                   | \$ 13,848        | \$ 13,848 | \$ -              | \$ (13,848)  |

**City of Lake Mary, Florida**  
**Cemetery Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2010**

|  | Budgeted Amounts |           |            | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|------------------|-----------|------------|--|
|  | Original         | Final     | Actual     |  |
|  | Amounts          | Amounts   | Amounts    |  |
| <b>REVENUES</b>  |                  |           |            |  |
| Charges for Services   | \$ -             | \$ -      | \$ 1,000   | \$ 1,000   |
| Investment income  | -                | -         | 1,754      | 1,754  |
| Miscellaneous Revenue  | -                | -         | 37,498     | 37,498   |
| Total revenues   | -                | -         | 40,252     | 40,252   |
| <b>EXPENDITURES</b>  |                  |           |            |  |
| Current:   |                  |           |            |  |
| General government   | -                | 235,000   | 48,777     | 186,223  |
| Total expenditures   | -                | 235,000   | 48,777     | 186,223  |
| Excess (deficiencies) of revenues<br>over (under) expenditures | -                | (235,000) | (8,525)    | 226,475  |
| <b>OTHER FINANCING SOURCES (USES)</b>                          |                  |           |            |  |
| Transfers in   | -                | 235,000   | 235,000    | -  |
| Total other financing sources and uses                         | -                | 235,000   | 235,000    | -  |
| Net change in fund balances                                    | -                | -         | 226,475    | 226,475  |
| Fund balances at beginning of year                             | -                | -         | -          | -  |
| Fund balances at end of year                                   | \$ -             | \$ -      | \$ 226,475 | \$ 226,475   |

**City of Lake Mary, Florida**

**ARRA-254-B**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Year Ended September 30, 2010**

|  | Budgeted Amounts   |                    | Actual<br>Amounts  | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|--------------------|--------------------|--------------------|--|
|  | Original           | Final              |                    |  |
| <b>REVENUES</b>  |                    |                    |                    |  |
| Intergovernmental revenue                                      | \$ -               | \$ 733,777         | \$ 709,242         | \$ (24,535)  |
| Total revenues   | <u>-</u>           | <u>733,777</u>     | <u>709,242</u>     | <u>(24,535)</u>  |
| <b>EXPENDITURES</b>  |                    |                    |                    |  |
| Current:   |                    |                    |                    |  |
| Public Works   | -                  | 733,777            | 709,242            | 24,535   |
| Total expenditures   | <u>-</u>           | <u>733,777</u>     | <u>709,242</u>     | <u>24,535</u>  |
| Excess (deficiencies) of revenues<br>over (under) expenditures | <u>-</u>           | <u>-</u>           | <u>-</u>           | <u>-</u>   |
| Fund balances at beginning of year                             | <u>-</u>           | <u>-</u>           | <u>-</u>           | <u>-</u>   |
| Fund balances at end of year                                   | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u>   |

**City of Lake Mary, Florida**

**ARRA-256-B**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Year Ended September 30, 2010**

|  | Budgeted Amounts   |                    | Actual<br>Amounts  | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|--------------------|--------------------|--------------------|--|
|  | Original           | Final              |                    |  |
| <b>REVENUES</b>  |                    |                    |                    |  |
| Intergovernmental Revenue                                      | \$ -               | \$ 360,384         | \$ 355,291         | \$ (5,093)   |
| Total revenues   | <u>-</u>           | <u>360,384</u>     | <u>355,291</u>     | <u>(5,093)</u>   |
| <b>EXPENDITURES</b>  |                    |                    |                    |  |
| Current:   |                    |                    |                    |  |
| Public Works   | <u>-</u>           | <u>360,384</u>     | <u>355,291</u>     | <u>5,093</u>   |
| Total expenditures   | <u>-</u>           | <u>360,384</u>     | <u>355,291</u>     | <u>5,093</u>   |
| Excess (deficiencies) of revenues<br>over (under) expenditures | <u>-</u>           | <u>-</u>           | <u>-</u>           | <u>-</u>   |
| Fund balances at beginning of year                             | <u>-</u>           | <u>-</u>           | <u>-</u>           | <u>-</u>   |
| Fund balances at end of year                                   | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u>   |

**City of Lake Mary, Florida**

**ARRA-311-B**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Year Ended September 30, 2010**

|  | Budgeted Amounts   |                    | Actual<br>Amounts  | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|--------------------|--------------------|--------------------|--|
|  | Original           | Final              |                    |  |
| <b>REVENUES</b>  |                    |                    |                    |  |
| Intergovernmental Revenue                                      | \$ -               | \$ 391,354         | \$ 391,095         | \$ (259)   |
| Total revenues   | <u>-</u>           | <u>391,354</u>     | <u>391,095</u>     | <u>(259)</u>   |
| <b>EXPENDITURES</b>  |                    |                    |                    |  |
| Current:   |                    |                    |                    |  |
| Public Works   | -                  | 391,354            | 391,095            | 259  |
| Total expenditures   | <u>-</u>           | <u>391,354</u>     | <u>391,095</u>     | <u>259</u>   |
| Excess (deficiencies) of revenues<br>over (under) expenditures | <u>-</u>           | <u>-</u>           | <u>-</u>           | <u>-</u>   |
| Fund balances at beginning of year                             | <u>-</u>           | <u>-</u>           | <u>-</u>           | <u>-</u>   |
| Fund balances at end of year                                   | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u>   |

**City of Lake Mary, Florida**

**ARRC-SEMI-1-W7-153**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Year Ended September 30, 2010**

|  | Budgeted Amounts   |                    | Actual<br>Amounts  | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|--------------------|--------------------|--------------------|--|
|  | Original           | Final              |                    |  |
| <b>REVENUES</b>  |                    |                    |                    |  |
| Intergovernmental Revenue                                      | \$ -               | \$ 109,350         | \$ 88,499          | \$ (20,851)  |
| Total revenues   | <u>-</u>           | <u>109,350</u>     | <u>88,499</u>      | <u>(20,851)</u>  |
| <b>EXPENDITURES</b>  |                    |                    |                    |  |
| Current:   |                    |                    |                    |  |
| Public Safety Capital  | <u>-</u>           | <u>109,350</u>     | <u>88,499</u>      | <u>20,851</u>  |
| Total expenditures   | <u>-</u>           | <u>109,350</u>     | <u>88,499</u>      | <u>20,851</u>  |
| Excess (deficiencies) of revenues<br>over (under) expenditures | <u>-</u>           | <u>-</u>           | <u>-</u>           | <u>-</u>   |
| Fund balances at beginning of year                             | <u>-</u>           | <u>-</u>           | <u>-</u>           | <u>-</u>   |
| Fund balances at end of year                                   | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u>   |



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## **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, 2010**

|                                     | Police Pension<br>Trust | Fire Pension Trust  | General<br>Employees<br>Pension | Total Employee<br>Pension Funds |
|-------------------------------------|-------------------------|---------------------|---------------------------------|---------------------------------|
| <b>ASSETS</b>                       |                         |                     |                                 |                                 |
| Cash and cash equivalents           | \$ 625,453              | \$ 232,975          | \$ 758,865                      | \$ 1,617,293                    |
| Receivables:                        |                         |                     |                                 |                                 |
| Interest receivable                 | 33,712                  | 22,974              | -                               | 56,686                          |
| Notes receivable - employee         | -                       | -                   | 18,297                          | 18,297                          |
| Contributions receivable - employer | 1                       | -                   | -                               | 1                               |
| Total receivables                   | <u>33,713</u>           | <u>22,974</u>       | <u>18,297</u>                   | <u>74,984</u>                   |
| Investments at fair value           |                         |                     |                                 |                                 |
| Domestic corporate & Govt bonds     | 2,837,691               | 3,291,823           | 189,865                         | 6,319,379                       |
| Domestic stocks                     | 5,521,136               | 3,124,801           | 3,044,579                       | 11,690,516                      |
| Other securities                    | 771,953                 | 1,053,337           | 71,670                          | 1,896,960                       |
| Total investments                   | <u>9,130,780</u>        | <u>7,469,961</u>    | <u>3,306,114</u>                | <u>19,906,855</u>               |
| Total assets                        | <u>9,789,946</u>        | <u>7,725,910</u>    | <u>4,083,276</u>                | <u>21,599,132</u>               |
| <b>LIABILITIES</b>                  |                         |                     |                                 |                                 |
| Accounts payable                    | <u>36,306</u>           | <u>16,417</u>       | <u>-</u>                        | <u>52,723</u>                   |
| Total liabilities                   | <u>36,306</u>           | <u>16,417</u>       | <u>-</u>                        | <u>52,723</u>                   |
| <b>NET ASSETS</b>                   |                         |                     |                                 |                                 |
| Held in trust for pension benefits  | <u>\$ 9,753,640</u>     | <u>\$ 7,709,493</u> | <u>\$ 4,083,276</u>             | <u>\$ 21,546,409</u>            |

**City of Lake Mary, Florida**  
**Combining Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended September 30, 2010**

|   | Police Pension<br>Trust | Fire Pension Trust  | General<br>Employees<br>Pension | Total Employee<br>Pension Funds |
|---|-------------------------|---------------------|---------------------------------|---------------------------------|
| <b>ADDITIONS</b>  |                         |                     |                                 |                                 |
| Contributions:  |                         |                     |                                 |                                 |
| Employer contributions                                  | \$ 467,575              | \$ 512,085          | \$ 425,139                      | \$ 1,404,799                    |
| State contributions                                     | 129,246                 | 170,556             | -                               | 299,802                         |
| Employee contributions                                  | 111,764                 | 115,857             | 92,770                          | 320,391                         |
| Total contributions                                     | <u>708,585</u>          | <u>798,498</u>      | <u>517,909</u>                  | <u>2,024,992</u>                |
| Investment earnings                                     |                         |                     |                                 |                                 |
| Interest  | 240,356                 | 215,607             | -                               | 455,963                         |
| Net increase (decrease) in fair value<br>of investments | 514,118                 | 432,627             | 269,089                         | 1,215,834                       |
| Net investment earnings (loss)                          | <u>754,474</u>          | <u>648,234</u>      | <u>269,089</u>                  | <u>1,671,797</u>                |
| Total additions   | <u>1,463,059</u>        | <u>1,446,732</u>    | <u>786,998</u>                  | <u>3,696,789</u>                |
| <b>DEDUCTIONS</b>                                       |                         |                     |                                 |                                 |
| Benefit payments  | 317,452                 | 75,202              | 249,073                         | 641,727                         |
| Refunds of contributions                                | 35,027                  | -                   | -                               | 35,027                          |
| Administrative expenses                                 | 86,200                  | 73,953              | 1,015                           | 161,168                         |
| Total deductions  | <u>438,679</u>          | <u>149,155</u>      | <u>250,088</u>                  | <u>837,922</u>                  |
| Change in net assets                                    | 1,024,380               | 1,297,577           | 536,910                         | 2,858,867                       |
| Net assets - beginning                                  | <u>8,729,260</u>        | <u>6,411,916</u>    | <u>3,546,366</u>                | <u>18,687,542</u>               |
| Net assets - ending                                     | <u>\$ 9,753,640</u>     | <u>\$ 7,709,493</u> | <u>\$ 4,083,276</u>             | <u>\$ 21,546,409</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   | 92          |
| 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   | 102         |
| These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.  |             |
| Debt Capacity  | 107         |
| 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   | 110         |
| 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  | 112         |
| 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   | 118         |
| These schedules contain trend data for pension funds which is viewed by management as required information.  |             |

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

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

|   | Fiscal Year |                  |                  |                  |
|---|-------------|------------------|------------------|------------------|
|   | <u>2001</u> | <u>2002</u>      | <u>2003</u>      | <u>2004</u>      |
| Governmental activities                         |             |                  |                  |                  |
| Invested in capital assets, net of related debt | *           | \$ 11,735        | \$ 8,061         | \$ 10,960        |
| Restricted                                      | *           | -                | 8,901            | 7,678            |
| Unrestricted                                    | *           | <u>12,439</u>    | <u>9,524</u>     | <u>10,583</u>    |
| Total governmental activities net assets        |             | <u>\$ 24,174</u> | <u>\$ 26,486</u> | <u>\$ 29,221</u> |
| Business-type activities                        |             |                  |                  |                  |
| Invested in capital assets, net of related debt | *           | \$ 13,534        | \$ 14,044        | \$ 14,983        |
| Restricted                                      | *           | 951              | 1,049            | 1,145            |
| Unrestricted                                    | *           | <u>8,681</u>     | <u>9,381</u>     | <u>10,127</u>    |
| Total business-type activities net assets       |             | <u>\$ 23,166</u> | <u>\$ 24,474</u> | <u>\$ 26,255</u> |
| Primary government                              |             |                  |                  |                  |
| Invested in capital assets, net of related debt | *           | \$ 25,269        | \$ 22,105        | \$ 25,943        |
| Restricted                                      | *           | 951              | 9,950            | 8,823            |
| Unrestricted                                    | *           | <u>21,120</u>    | <u>18,905</u>    | <u>20,710</u>    |
| Total primary government net assets             |             | <u>\$ 47,340</u> | <u>\$ 50,960</u> | <u>\$ 55,476</u> |

Note

- \* Information not available prior to implementation of GASB Statement 34.
- \*\* 2007 Recorded Infrastructure Assets

| Fiscal Year      |                  |                  |                  |                  |                  |
|------------------|------------------|------------------|------------------|------------------|------------------|
| <u>2005</u>      | <u>2006</u>      | <u>2007</u>      | <u>2008</u>      | <u>2009</u>      | <u>2010</u>      |
| \$ 18,759        | \$ 17,684        | \$ 32,197        | \$ 37,033        | \$ 37,040        | \$ 37,301        |
| 2,257            | 2,266            | 6,983            | 2,351            | 2,592            | 1,819            |
| 11,293           | 14,156           | 12,730           | 13,884           | 16,397           | 18,802           |
| <u>\$ 32,309</u> | <u>\$ 34,106</u> | <u>\$ 51,910</u> | <u>\$ 53,268</u> | <u>\$ 56,029</u> | <u>\$ 57,922</u> |
| <br>             |                  |                  |                  |                  |                  |
| \$ 15,551        | \$ 18,365        | \$ 19,595        | \$ 19,791        | \$ 20,119        | \$ 19,855        |
| 2,189            | 2,455            | 2,704            | 1,623            | 621              | 634              |
| 12,280           | 10,942           | 10,564           | 11,800           | 12,855           | 13,316           |
| <u>\$ 30,020</u> | <u>\$ 31,762</u> | <u>\$ 32,863</u> | <u>\$ 33,214</u> | <u>\$ 33,595</u> | <u>\$ 33,805</u> |
| <br>             |                  |                  |                  |                  |                  |
| \$ 34,310        | \$ 36,049        | \$ 51,792        | \$ 56,824        | \$ 57,159        | \$ 57,156        |
| 4,446            | 4,721            | 9,687            | 3,974            | 3,213            | 2,453            |
| 23,573           | 25,098           | 23,294           | 25,733           | 29,252           | 32,118           |
| <u>\$ 62,329</u> | <u>\$ 65,868</u> | <u>\$ 84,773</u> | <u>\$ 86,531</u> | <u>\$ 89,624</u> | <u>\$ 91,727</u> |

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

| Expenses  | Fiscal Year |                 |                 |                  |                 |                 |                 |                 |                 |                 |
|---|-------------|-----------------|-----------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|   | 2001        | 2002            | 2003            | 2004             | 2005            | 2006            | 2007            | 2008            | 2009            | 2010            |
| Governmental activities:                          |             |                 |                 |                  |                 |                 |                 |                 |                 |                 |
| General government                                | *           | \$ 1,728        | \$ 2,266        | \$ 3,187         | \$ 2,492        | \$ 2,687        | \$ 2,932        | \$ 2,940        | \$ 3,457        | \$ 3,591        |
| Public works                                      | *           | 719             | 816             | 2,987            | 1,184           | 773             | 1,620           | 1,452           | 1,415           | 2,867           |
| Public safety                                     | *           | 6,193           | 6,546           | 7,402            | 8,082           | 9,725           | 10,537          | 10,724          | 10,146          | 9,605           |
| Parks and recreation                              | *           | 1,231           | 2,190           | 1,598            | 1,747           | 1,857           | 2,020           | 2,514           | 2,563           | 2,449           |
| Interest & other fiscal charges on long-term debt | *           | 345             | 332             | 389              | 345             | 318             | 294             | 449             | 411             | 367             |
| 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>   | <u>18,079</u>   | <u>17,992</u>   | <u>18,879</u>   |
| Business-type activities:                         |             |                 |                 |                  |                 |                 |                 |                 |                 |                 |
| Water & Sewer                                     | *           | 1,969           | 2,114           | 2,479            | 2,447           | 2,520           | 2,899           | 3,025           | 3,033           | 3,119           |
| Stormwater  | *           | 122             | 160             | 239              | 275             | 282             | 307             | 326             | 374             | 374             |
| 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> | <u>\$ 3,351</u> | <u>\$ 3,407</u> | <u>\$ 3,493</u> |
| <b>Program Revenues</b>                           |             |                 |                 |                  |                 |                 |                 |                 |                 |                 |
| Governmental activities:                          |             |                 |                 |                  |                 |                 |                 |                 |                 |                 |
| Charges for services:                             |             |                 |                 |                  |                 |                 |                 |                 |                 |                 |
| General government                                | *           | \$ 141          | \$ 203          | \$ 234           | \$ 343          | \$ 238          | \$ 243          | \$ 217          | \$ 176          | \$ 184          |
| Public works                                      | *           | 6               | 4               | 4                | 5               | 13              | 5               | 7               | 1               | 1               |
| Public safety                                     | *           | 955             | 1,176           | 1,128            | 1,320           | 1,948           | 1,255           | 1,647           | 1,248           | 1,194           |
| Parks and recreation                              | *           | 227             | 219             | 209              | 213             | 319             | 207             | 316             | 607             | 651             |
| Operating grants and contributions                | *           | 10              | 665             | 2,772            | 957             | 764             | 654             | 492             | 917             | 604             |
| Capital grants and contributions                  | *           | 127             | 524             | 807              | 140             | 249             | 182             | 242             | 185             | 2,236           |
| 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>    | <u>2,921</u>    | <u>3,134</u>    | <u>4,870</u>    |
| Business-type activities:                         |             |                 |                 |                  |                 |                 |                 |                 |                 |                 |
| Charges for services:                             |             |                 |                 |                  |                 |                 |                 |                 |                 |                 |
| Water & Sewer                                     | *           | 3,367           | 3,283           | 3,474            | 3,411           | 3,794           | 3,835           | 3,673           | 3,905           | 3,997           |
| Stormwater  | *           | 229             | 236             | 242              | 248             | 251             | 263             | 270             | 283             | 279             |
| Capital grants and contributions                  | *           | 268             | 417             | 1,251            | 1,241           | 305             | 249             | 130             | 40              | 13              |
| 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>    | <u>4,073</u>    | <u>4,228</u>    | <u>4,289</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> | <u>\$ 6,994</u> | <u>\$ 7,362</u> | <u>\$ 9,159</u> |

Fiscal Year

|                              | 2001 | 2002       | 2003       | 2004        | 2005        | 2006        | 2007        | 2008        | 2009        | 2010        |
|------------------------------|------|------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net (expense)/revenue        |      |            |            |             |             |             |             |             |             |             |
| Governmental activities      | *    | \$ (8,750) | \$ (9,359) | \$ (10,409) | \$ (10,872) | \$ (11,829) | \$ (14,857) | \$ (15,158) | \$ (14,858) | \$ (14,009) |
| Business-type activities     | *    | 1,773      | 1,662      | 2,249       | 2,178       | 1,548       | 1,141       | 722         | 821         | 796         |
| Total government net expense | *    | \$ (6,977) | \$ (7,697) | \$ (8,160)  | \$ (8,694)  | \$ (10,281) | \$ (13,716) | \$ (14,436) | \$ (14,037) | \$ (13,213) |

**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  | \$ 7,762  | \$ 7,919  | \$ 7,326  |
| Franchise and utility taxes             | * | 4,420     | 4,707     | 5,040     | 5,449     | 6,001     | 6,224     | 6,136     | 6,938     | 6,736     |
| Unrestricted intergovernmental revenues | * | 1,533     | 972       | 1,063     | 1,240     | 1,382     | 1,264     | 1,142     | 1,020     | 1,008     |
| Unrestricted investment earnings        | * | 549       | 336       | 280       | 341       | 720       | 1,159     | 572       | 654       | 386       |
| Miscellaneous revenues                  | * | 52        | 69        | 81        | 241       | 173       | 158       | 168       | 135       | 196       |
| Special Item - return of contribution   | * | -         | -         | -         | -         | -         | -         | -         | -         | (600)     |
| Transfers                               | * | 475       | 550       | 625       | 655       | 655       | 725       | 785       | 905       | 850       |
| Total governmental activities           | * | 11,644    | 11,672    | 13,145    | 13,959    | 15,465    | 17,217    | 16,565    | 17,571    | 15,902    |
| Business-type activities:               |   |           |           |           |           |           |           |           |           |           |
| Investment earnings                     | * | 361       | 195       | 157       | 271       | 573       | 685       | 414       | 464       | 254       |
| Miscellaneous revenues                  | * | -         | -         | -         | 1,970     | 276       | -         | -         | -         | 10        |
| Transfers                               | * | (475)     | (550)     | (625)     | (655)     | (655)     | (725)     | (785)     | (905)     | (850)     |
| Total business-type activities          | * | (114)     | (355)     | (468)     | 1,586     | 194       | (40)      | (371)     | (441)     | (586)     |
| Total government                        | * | \$ 11,530 | \$ 11,317 | \$ 12,677 | \$ 15,545 | \$ 15,659 | \$ 17,177 | \$ 16,194 | \$ 17,130 | \$ 15,316 |

**Change in Net Assets**

|                          |   |          |          |          |          |          |          |          |          |          |
|--------------------------|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Governmental activities  | * | \$ 2,894 | \$ 2,313 | \$ 2,736 | \$ 3,087 | \$ 3,636 | \$ 2,360 | \$ 1,407 | \$ 2,713 | \$ 1,893 |
| Business-type activities | * | 1,659    | 1,307    | 1,781    | 3,764    | 1,742    | 1,101    | 351      | 380      | 210      |
| Total government         | * | \$ 4,553 | \$ 3,620 | \$ 4,517 | \$ 6,851 | \$ 5,378 | \$ 3,461 | \$ 1,758 | \$ 3,093 | \$ 2,103 |

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    |
|-------------|--------------|----------------|-------------|----------|
| 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   |
| 2008        | 7,762        | 2,130          | 4,006       | 13,898   |
| 2009        | 7,919        | 2,430          | 4,508       | 14,857   |
| 2010        | 7,325        | 2,416          | 4,320       | 14,061   |

**Taxes included in Unrestricted Intergovernmental Revenues**

| Fiscal Year | Sales Tax | State Revenue Sharing | Other | Total  |
|-------------|-----------|-----------------------|-------|--------|
| 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  |
| 2008        | 925       | 216                   | 1     | 1,142  |
| 2009        | 825       | 186                   | 9     | 1,020  |
| 2010        | 802       | 182                   | 11    | 995    |



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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>2001</u>            | <u>2002</u>            | <u>2003</u>             | <u>2004</u>            |
| General fund                       |                        |                        |                         |                        |
| Reserved                           | \$ -                   | \$ 6                   | \$ 4                    | \$ 5                   |
| Unreserved                         | <u>7,739</u>           | <u>9,782</u>           | <u>8,047</u>            | <u>6,859</u>           |
| Total general fund                 | <u><u>\$ 7,739</u></u> | <u><u>\$ 9,788</u></u> | <u><u>\$ 8,051</u></u>  | <u><u>\$ 6,864</u></u> |
| All other governmental funds       |                        |                        |                         |                        |
| Reserved                           | \$ 1,261               | \$ 1,415               | \$ 8,999                | \$ 7,816               |
| Unreserved, reported in:           |                        |                        |                         |                        |
| Special revenue funds              | 993                    | 1,228                  | 1,198                   | 1,151                  |
| Debt service funds                 | <u>133</u>             | <u>-</u>               | <u>-</u>                | <u>-</u>               |
| Total all other governmental funds | <u><u>\$ 2,387</u></u> | <u><u>\$ 2,643</u></u> | <u><u>\$ 10,197</u></u> | <u><u>\$ 8,967</u></u> |

| Fiscal Year     |                  |                  |                  |                  |                  |
|-----------------|------------------|------------------|------------------|------------------|------------------|
| <u>2005</u>     | <u>2006</u>      | <u>2007</u>      | <u>2008</u>      | <u>2009</u>      | <u>2010</u>      |
| \$ 11           | \$ 10            | \$ 7             | \$ 8             | \$ 5             | \$ 5             |
| <u>9,834</u>    | <u>12,386</u>    | <u>10,510</u>    | <u>11,562</u>    | <u>13,370</u>    | <u>15,141</u>    |
| <u>\$ 9,845</u> | <u>\$ 12,396</u> | <u>\$ 10,517</u> | <u>\$ 11,570</u> | <u>\$ 13,375</u> | <u>\$ 15,146</u> |
| \$ 2,297        | \$ 2,306         | \$ 7,310         | \$ 2,677         | \$ 2,919         | \$ 2,360         |
| 904             | 1,026            | 926              | 1,003            | 1,123            | 1,389            |
| <u>-</u>        | <u>-</u>         | <u>-</u>         | <u>-</u>         | <u>-</u>         | <u>-</u>         |
| <u>\$ 3,201</u> | <u>\$ 3,332</u>  | <u>\$ 8,236</u>  | <u>\$ 3,680</u>  | <u>\$ 4,042</u>  | <u>\$ 3,749</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>2001</u>     | <u>2002</u>     | <u>2003</u>     | <u>2004</u>       |
| <b>Revenues</b>   |                 |                 |                 |                   |
| Taxes   |                 |                 |                 |                   |
| Property  | \$ 4,033        | \$ 4,615        | \$ 5,038        | \$ 6,056          |
| Franchise and utility taxes                             | 3,690           | 4,420           | 4,707           | 5,073             |
| Licenses and Permits                                    | 668             | 529             | 669             | 735               |
| Intergovernmental                                       | 1,423           | 1,670           | 2,115           | 1,823             |
| Charges for services                                    | 332             | 392             | 438             | 432               |
| Impact fees/assessments                                 | 206             | 153             | 199             | 120               |
| Fines and forfeitures                                   | 243             | 256             | 285             | 245               |
| Investment earnings                                     | 1,032           | 529             | 328             | 267               |
| Miscellaneous   | 79              | 51              | 126             | 152               |
| Total revenues  | <u>11,706</u>   | <u>12,615</u>   | <u>13,905</u>   | <u>14,903</u>     |
| <b>Expenditures</b>                                     |                 |                 |                 |                   |
| General government                                      | 1,643           | 1,569           | 2,201           | 2,252             |
| Public works  | 540             | 676             | 816             | 2,958             |
| Public safety   | 5,280           | 5,606           | 6,333           | 6,757             |
| Parks and recreation                                    | 1,288           | 1,163           | 1,301           | 1,380             |
| Capital outlay  | 3,409           | 950             | 1,147           | 3,316             |
| Debt service  |                 |                 |                 |                   |
| Principal   | 450             | 360             | 495             | 875               |
| Interest  | 363             | 332             | 299             | 384               |
| Other charges   | -               | 28              | 23              | -                 |
| Total expenditures                                      | <u>12,973</u>   | <u>10,684</u>   | <u>12,615</u>   | <u>17,922</u>     |
| Excess of revenues over (under) expenditures            | (1,267)         | 1,931           | 1,290           | (3,019)           |
| Other financing sources (uses)                          |                 |                 |                 |                   |
| Transfers in  | 4,772           | 2,500           | 5,893           | 4,119             |
| Transfers out   | (4,360)         | (2,047)         | (5,365)         | (3,516)           |
| Refunding bonds issued                                  | -               | 3,790           | 7,305           | -                 |
| Payments to refunded bond escrow agent                  | -               | (3,870)         | (3,305)         | -                 |
| Sale of capital assets                                  | 5               | 1               | -               | -                 |
| Total other financing sources (uses)                    | <u>417</u>      | <u>374</u>      | <u>4,528</u>    | <u>603</u>        |
| Net change in fund balances                             | <u>\$ (850)</u> | <u>\$ 2,305</u> | <u>\$ 5,818</u> | <u>\$ (2,416)</u> |
| Debt service as a percentage of noncapital expenditures | 8.50%           | 7.40%           | 7.12%           | 8.62%             |

| Fiscal Year |                |                 |                 |                   |                 |                 |
|-------------|----------------|-----------------|-----------------|-------------------|-----------------|-----------------|
|             | <u>2005</u>    | <u>2006</u>     | <u>2007</u>     | <u>2008</u>       | <u>2009</u>     | <u>2010</u>     |
| \$          | 6,033          | \$ 6,534        | \$ 7,687        | \$ 7,762          | \$ 7,919        | \$ 7,326        |
|             | 5,449          | 6,001           | 6,224           | 6,136             | 6,938           | 6,736           |
|             | 896            | 1,386           | 787             | 1,153             | 706             | 625             |
|             | 4,422          | 2,408           | 2,113           | 1,887             | 2,131           | 3,849           |
|             | 644            | 654             | 648             | 718               | 1,047           | 1,232           |
|             | 119            | 285             | 80              | 142               | 52              | 51              |
|             | 210            | 179             | 182             | 163               | 217             | 121             |
|             | 317            | 721             | 1,159           | 572               | 654             | 386             |
|             | 156            | 174             | 158             | 168               | 135             | 196             |
|             | <u>18,246</u>  | <u>18,342</u>   | <u>19,038</u>   | <u>18,701</u>     | <u>19,799</u>   | <u>20,522</u>   |
|             | 2,118          | 2,318           | 2,554           | 2,573             | 3,067           | 3,208           |
|             | 1,121          | 741             | 1,157           | 991               | 961             | 2,421           |
|             | 7,776          | 9,397           | 10,221          | 10,468            | 9,951           | 9,452           |
|             | 1,506          | 1,622           | 1,777           | 2,062             | 2,084           | 1,991           |
|             | 7,980          | 959             | 4,836           | 5,535             | 854             | 1,200           |
|             | 905            | 940             | 780             | 915               | 1,215           | 1,261           |
|             | 342            | 316             | 289             | 444               | 406             | 361             |
|             | -              | -               | 57              | -                 | -               | -               |
|             | <u>21,748</u>  | <u>16,293</u>   | <u>21,671</u>   | <u>22,988</u>     | <u>18,538</u>   | <u>19,894</u>   |
|             | (3,502)        | 2,049           | (2,633)         | (4,287)           | 1,261           | 628             |
|             | 4,267          | 2,992           | 6,797           | 3,308             | 3,735           | 2,965           |
|             | (3,635)        | (2,359)         | (6,095)         | (2,523)           | (2,830)         | (2,115)         |
|             | -              | -               | 7,105           | -                 | -               | -               |
|             | -              | -               | (2,150)         | -                 | -               | -               |
|             | 85             | -               | -               | -                 | -               | -               |
|             | <u>717</u>     | <u>633</u>      | <u>5,657</u>    | <u>785</u>        | <u>905</u>      | <u>850</u>      |
| \$          | <u>(2,785)</u> | <u>\$ 2,682</u> | <u>\$ 3,024</u> | <u>\$ (3,502)</u> | <u>\$ 2,166</u> | <u>\$ 1,478</u> |
|             | 9.06%          | 8.19%           | 6.69%           | 7.79%             | 9.17%           | 8.68%           |

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

| Fiscal Year<br>Ended<br>September 30, | Real Property  |                         |                  |                        |                 |                      |
|---------------------------------------|--|-------------------------|------------------|------------------------|-----------------|----------------------|
|                                       | Total Residential<br>and Commercial<br>Real Property | Residential<br>Property | %<br>Residential | Commercial<br>Property | %<br>Commercial | Personal<br>Property |
| 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              |
| 2008                                  | 1,951,536  | 951,070                 | 48.73%           | 1,000,466              | 51.27%          | 308,023              |
| 2009                                  | 1,961,734  | 891,716                 | 45.46%           | 1,070,019              | 51.27%          | 316,645              |
| 2010                                  | 1,792,695  | 795,298                 | 44.36%           | 997,396                | 55.64%          | 291,712              |

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> |
|---------------------------------|-------------------------------------|------------------------------|---------------------------------------|---|
| \$ 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%  |
| 633,026                         | 2,260,085                           | 3.5797                       | 2,927,296                             | 77.21%  |
| 598,280                         | 2,263,359                           | 3.6355                       | 2,912,958                             | 77.70%  |
| 579,604                         | 2,084,924                           | 3.6355                       | 2,573,966                             | 81.00%  |

**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 |                                      |                                  |
| 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                          |
| 2008        | 3.5797                              | 4.3578            | 0.1451               | 4.5029               | 7.4130            | 0.0000               | 7.4130               | 0.4158                               | 15.9114                          |
| 2009        | 3.6355                              | 4.5153            | 0.1451               | 4.6604               | 7.5430            | 0.0000               | 7.5430               | 0.4158                               | 16.2547                          |
| 2010        | 3.6355                              | 4.9000            | 0.1451               | 5.0451               | 7.7230            | 0.0000               | 7.7230               | 0.4158                               | 16.8194                          |

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, 2010  
(amounts expressed in thousands)**

| Taxpayer  | 2010                   |      |  | 2001                   |      |  |
|---|------------------------|------|--|------------------------|------|--|
|   | 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)                 | \$ 77,815              | 1    | 3.73%                                      | -                      | -    | -  |
| Sun Life Assurance Co of Canada (formerly a part of Crescent Resources, Inc.) | 50,361                 | 2    | 2.42%                                      | -                      | -    | -  |
| A T & T Mobility LLC  | 34,540                 | 3    | 1.66%                                      | \$ 23,720              | 4    | 2.44%                                      |
| DRA CRT Lake Mary Center LLC  | 34,290                 | 4    | 1.64%                                      | -                      | -    | -  |
| Nextel South Corp   | 33,830                 | 5    | 1.62%                                      | -                      | -    | -  |
| Heathrow Hotel Owners LLC (Marriott Hotel)                                    | 28,025                 | 6    | 1.34%                                      | -                      | -    | -  |
| Duke-Weeks Realty LP  | 27,247                 | 7    | 1.31%                                      | -                      | -    | -  |
| North Point LP  | 22,971                 | 8    | 1.10%                                      | -                      | -    | -  |
| Wachovia Trust Co Trustee   | 22,235                 | 9    | 1.07%                                      | -                      | -    | -  |
| G&I V Lake Emma, LLC  | 21,668                 | 10   | 1.04%                                      | -                      | -    | -  |
| Crescent Resources, Inc   | -                      | -    | -  | 41,393                 | 1    | 4.26%                                      |
| Siemens Stromberg-Carlson   | -                      | -    | -  | 31,168                 | 2    | 3.21%                                      |
| Kroger Equity Inc   | -                      | -    | -  | 30,052                 | 3    | 3.09%                                      |
| Recoton Corp  | -                      | -    | -  | 22,016                 | 5    | 2.27%                                      |
| Golfview Apartments LLC   | -                      | -    | -  | 16,694                 | 6    | 1.72%                                      |
| California State Teachers Retirement  | -                      | -    | -  | 14,627                 | 7    | 1.51%                                      |
| Weeks Realty LP   | -                      | -    | -  | 14,360                 | 8    | 1.48%                                      |
| 701 International Pkwy Dev Co   | -                      | -    | -  | 14,345                 | 9    | 1.48%                                      |
| 901 International Pkwy Dev Co   | -                      | -    | -  | 13,502                 | 10   | 1.39%                                      |
| <b>Totals</b>   | <b>\$ 352,982</b>      |      | <b>16.93%</b>                              | <b>\$ 221,877</b>      |      | <b>22.85%</b>                              |

Source: Seminole County Property Appraiser ([www.scpafll.org](http://www.scpafll.org))

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

| Fiscal Year<br>Ended<br>September 30, | Total Tax Levy<br>for Fiscal Year | Collected within the Fiscal Year of the<br>Levy |                       | Collections in<br>Subsequent<br>Years | Total Collections to Date |                       |
|---------------------------------------|-----------------------------------|---|-----------------------|---------------------------------------|---------------------------|-----------------------|
|                                       |                                   | Amount  | Percentage of<br>Levy |                                       | Amount                    | Percentage of<br>Levy |
| 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%                | 33                                    | 7,689                     | 96.18%                |
| 2008                                  | 8,092                             | 7,729   | 95.51%                | 8                                     | 7,737                     | 95.61%                |
| 2009                                  | 8,296                             | 7,910   | 95.35%                | 65                                    | 7,975                     | 96.13%                |
| 2010                                  | 7,580                             | 7,260   | 95.78%                | -                                     | 7,260                     | 95.78%                |

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

| Fiscal Year Ended<br>September 30, | Governmental Activities                 |               | Total Primary<br>Government | Percentage of<br>Personal Income <sup>2</sup> | Per Capita |
|------------------------------------|---|---------------|-----------------------------|---|------------|
|                                    | Refunding Revenue<br>Bonds <sup>3</sup> | Revenue Bonds |                             |   |            |
| 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        |
| 2008                               | 10,495                                  | -             | 10,495                      | 2.33%   | 702        |
| 2009                               | 9,280                                   | -             | 9,280                       | 1.81%   | 635        |
| 2010                               | 8,020                                   | -             | 8,020                       | 1.57%   | 551        |

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

- 1 Enterprise Funds have no outstanding Debt.
  - 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.
  - 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.
- \*\* Information is not available.

**City of Lake Mary, Florida**  
**Direct and Overlapping Governmental Activities Debt**  
**As of September 30, 2010**  
**(amounts expressed in thousands)**

| Governmental Unit                                      | <u>Debt Outstanding</u> | <u>Estimated<br/>Percentage<br/>Applicable <sup>1</sup></u> | <u>Estimated<br/>Share of<br/>Overlapping<br/>Debt</u> |
|--|-------------------------|---|--|
| Overlapping Debt:                                      |                         |   |  |
| Seminole County General Obligation Debt                | \$ 12,465               | 7.43%   | \$ 926   |
| Subtotal, overlapping debt                             |                         |   |  |
| Direct Debt:   |                         |   |  |
| City of Lake Mary General Obligation Debt <sup>2</sup> | -                       | 100%  | -  |
| Total direct and overlapping debt                      | <u>\$ 12,465</u>        |   | <u>\$ 926</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<br>Ended Sept 30, | Public Service<br>Taxes | Half-Cent<br>Sales Tax | Electric<br>Franchise<br>Fees | Total Revenue<br>Available for<br>Debt Service | Maximum<br>Annual Debt<br>Service | Coverage | Coverage<br>without<br>Franchise<br>Fees |
| 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                                   |
| 2008                          | 4,005,823               | 924,906                | 1,722,654                     | 6,653,383                                      | 1                                 | n/a      | n/a                                      |
| 2009                          | 4,508,116               | 825,166                | 2,026,467                     | 7,359,749                                      | 1                                 | n/a      | n/a                                      |
| 2010                          | 4,319,704               | 801,704                | 2,009,484                     | 7,130,892                                      | 1                                 | n/a      | n/a                                      |

Notes:

1 1996 Bond issue was paid in full in 2007.

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

| <u>Fiscal Year</u> | <u>Population<sup>1</sup></u> | <u>Personal Income (amounts expressed in thousands)</u> | <u>Per Capita Personal Income<sup>1</sup></u> | <u>Median Age<sup>1</sup></u> | <u>Education Level in Years of Formal Schooling<sup>1</sup></u> | <u>School Enrollment<sup>3</sup></u> | <u>Unemployment Rate<sup>4</sup></u> |
|--------------------|-------------------------------|---|---|-------------------------------|---|--------------------------------------|--------------------------------------|
| 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   | 2,067                                | 4.0%                                 |
| 2008               | 14,944                        | 450,591   | 30,152  | 40.6                          | 14.15   | 2,203                                | 6.1%                                 |
| 2009               | 14,615                        | 511,320   | 34,986  | 40.5                          | 13.94   | 2,141                                | 11.5%                                |
| 2010               | 14,559                        | 530,938   | 36,468  | 41.4                          | 14.3  | 2,285                                | 11.8%                                |

\* Data not available

Sources:

- 1 Metro Orlando Economic Development Commission (estimates)
- 2 Decision Data Resources (estimated for 2008)
- 3 Lake Mary Elementary; Lake Mary Preparatory School added 2003; Crystal Lake Elementary added 2006;
- 4 US Department of Labor, Bureau of Labor Statistics

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

| Employer                     | 2010 <sup>1</sup> |      |                                     | 2001 <sup>2</sup> |      |                                     |
|------------------------------|-------------------|------|-------------------------------------|-------------------|------|-------------------------------------|
|                              | Employees         | Rank | Percentage of Total City Employment | Employees         | Rank | Percentage of Total City Employment |
| Convergys                    | 1,771             | 1    | 5.06%                               | *                 | *    | *                                   |
| Fiserv                       | 661               | 2    | 1.89%                               | *                 | *    | *                                   |
| Bank of New York Investments | 650               | 3    | 1.86%                               | *                 | *    | *                                   |
| AI G Marketing               | 638               | 4    | 1.82%                               | *                 | *    | *                                   |
| Symantic Software Global LLC | 621               | 5    | 1.77%                               | *                 | *    | *                                   |
| Wells Fargo Home Mortgage    | 571               | 6    | 1.63%                               | *                 | *    | *                                   |
| AT & T Wireless              | 450               | 7    | 1.29%                               | *                 | *    | *                                   |
| A B B Power                  | 403               | 8    | 1.15%                               | *                 | *    | *                                   |
| Sunguard H T E Inc           | 359               | 9    | 1.03%                               | *                 | *    | *                                   |
| CuraScript                   | 348               | 10   | 0.99%                               | *                 | *    | *                                   |
| <b>Total</b>                 | <b>6,472</b>      |      | <b>18.49%</b>                       |                   |      |                                     |

Source: BusinessinSeminole.com

Note 1: The City of Lake Mary has an estimated daytime population of over 35,000 with approximately 713 business establishments as of 9/30/2010

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,

| Function                                | 2001       | 2002       | 2003       | 2004       | 2005       | 2006       | 2007       | 2008       | 2009       | 2010       |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| General Government                      | 23         | 24         | 24         | 23         | 25         | 26         | 27         | 29         | 29         | 28         |
| Public Safety:                          |            |            |            |            |            |            |            |            |            |            |
| Police                                  |            |            |            |            |            |            |            |            |            |            |
| Sworn Officers                          | 33         | 31         | 35         | 35         | 36         | 36         | 39         | 42         | 42         | 41         |
| Non sworn officers                      | 1          | 1          | 1          | 1          | 1          | 1          | 1          | 1          | 1          | 2          |
| Civilians <sup>1</sup>                  | 13         | 12         | 16         | 17         | 15         | 16         | 18         | 15         | 15         | 13         |
| Fire                                    |            |            |            |            |            |            |            |            |            |            |
| Firefighters and officers               | 20         | 21         | 20         | 20         | 29         | 38         | 38         | 38         | 38         | 38         |
| Building & Life Safety <sup>2 4 5</sup> | 16         | 16         | 17         | 17         | 17         | 17         | 18         | 16         | 14         | 10         |
| Civilians <sup>3</sup>                  | 1          | 1          | 1          | 1          | 1          | 1          | 2          | 2          | 2          | 2          |
| Public Works                            | 18         | 18         | 17         | 19         | 19         | 19         | 20         | 20         | 18         | 18         |
| Parks and Recreation                    | 18         | 18         | 14         | 17         | 18         | 22         | 25         | 24         | 27         | 25         |
| <b>Total</b>                            | <b>143</b> | <b>142</b> | <b>145</b> | <b>150</b> | <b>161</b> | <b>176</b> | <b>188</b> | <b>187</b> | <b>186</b> | <b>177</b> |

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%).
- 4 Facilities Maintenance established in 2008 as reorganization of Building & Life Safety
- 5 Fire Prevention established in 2008 as reorganization of Building & Life Safety



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

| Function  | Fiscal Year |             |             |             |
|---|-------------|-------------|-------------|-------------|
|   | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> |
| <b>Police</b>                                   |             |             |             |             |
| Auto Accidents                                  | 1,048       | 1,032       | 1,035       | 1,087       |
| Physical arrests                                | 378         | 345         | 490         | 515         |
| Criminal Investigations Conducted               | 575         | 449         | 528         | 304         |
| Total Calls for Service                         | 25,309      | 28,644      | 30,392      | 31,784      |
| 911 Calls Received                              | 3,894       | 4,331       | 5,407       | 4,904       |
| Evidence Processed (pieces)                     | 1,217       | 898         | 1,186       | 1,712       |
| <b>Fire &amp; Life Safety</b>                   |             |             |             |             |
| Public Education Programs                       | 76          | 111         | 274         | 155         |
| Number of emergency calls answered              | 2,687       | 2,815       | 2,923       | 3,175       |
| Medical Transports                              | 100         | 953         | 1,043       | 1,070       |
| <b>Highways and streets</b>                     |             |             |             |             |
| Streets paved (miles)                           | 2.0         | 2.0         | 0.9         | 3.9         |
| Streets resurfaced (tons/asphalt)               | 54.0        | 72.0        | 45.0        | 51.3        |
| Sidewalks/bike paths built or repaired (feet)   | 1,193       | 802         | 2,306       | 2,048       |
| <b>Culture and recreation</b>                   |             |             |             |             |
| Sports Complex ball games & field rentals       | 1,407       | 1,339       | 1,441       | 1,342       |
| Tennis membership                               | **          | 125         | 110         | 120         |
| Events Center rental                            | **          | **          | **          | **          |
| <b>Water</b>                                    |             |             |             |             |
| New connections                                 | 196         | 170         | 125         | 104         |
| Number of customers                             | 4,379       | 4,465       | 4,645       | 4,736       |
| Water main breaks                               | 60          | 75          | 57          | 85          |
| Average daily consumption (millions of gallons) | 3.78        | 3.58        | 3.14        | 3.62        |
| Meter reads                                     | 52,326      | 56,425      | 55,143      | 55,982      |
| <b>General Government</b>                       |             |             |             |             |
| Total Permits Issued                            | 3,904       | 3,283       | 3,022       | 2,309       |
| Construction inspections                        | 10,578      | 7,384       | 7,627       | 7,816       |
| Employment applications received                | 930         | 506         | 774         | 737         |
| Personnel actions processed                     | 431         | 400         | 473         | 457         |
| Legal Notices published                         | 95          | 91          | 119         | 106         |
| Business Tax Receipts issued                    | 1,081       | 829         | 1,188       | 1,359       |
| Accidents & Injuries reviewed                   | 90          | 104         | 52          | 60          |
| Land Use amendments & rezonings                 | 18          | 10          | 22          | 23          |
| License/Permit Reviews                          | 1,032       | 461         | 958         | 1,046       |
| Employee paychecks issued                       | 3,425       | 3,773       | 3,916       | 3,940       |
| Checks deposited                                | 52,487      | 50,598      | 51,377      | 51,592      |
| A/P Checks issued                               | 3,999       | 3,595       | 3,916       | 3,763       |
| Purchase orders/EPO's processed                 | 1,565       | 1,563       | 1,673       | 1,629       |
| Purchasing Card Transactions                    | **          | **          | **          | **          |

Source: City of Lake Mary Departmental Monthly Reports

Notes

\*\* Service was not available

| Fiscal Year |             |             |             |             |             |
|-------------|-------------|-------------|-------------|-------------|-------------|
| <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
| 1,030       | 907         | 768         | 598         | 783         | 823         |
| 531         | 486         | 446         | 501         | 374         | 452         |
| 756         | 770         | 624         | 685         | 740         | 483         |
| 31,122      | 38,654      | 52,381      | 62,864      | 62,762      | 55,947      |
| 5,076       | 5,408       | 6,296       | 5,973       | 5,176       | 4,257       |
| 1,522       | 1,614       | 2,229       | 1,494       | 1,446       | 1,592       |
| 98          | 100         | 161         | 201         | 226         | 195         |
| 3,463       | 3,829       | 3,950       | 3,128       | 3,308       | 3,917       |
| 1,217       | 1,260       | 1,331       | 1,062       | 1,323       | 1,363       |
| 1.7         | 0.8         | 9.5         | 6.7         | 2.3         | 4.2         |
| 49.5        | 62.8        | 66.7        | 59.6        | 51.1        | 53.8        |
| 1,679       | 1,674       | 1,924       | 1,898       | 1,587       | 1,558       |
| 1,430       | 1,417       | 1,029       | 953         | 935         | 884         |
| 126         | 134         | 144         | 148         | 156         | 156         |
| **          | **          | **          | 240         | 467         | 368         |
| 48          | 134         | 123         | 96          | 40          | 50          |
| 4,783       | 4,884       | 4,991       | 5,031       | 5,028       | 5,053       |
| 78          | 64          | 60          | 75          | 58          | 56          |
| 3.78        | 3.88        | 3.81        | 3.22        | 3.01        | 2.89        |
| 57,082      | 57,913      | 59,497      | 60,301      | 60,444      | 60,757      |
| 2,417       | 3,556       | 2,056       | 1,661       | 1,177       | 1,313       |
| 7,833       | 9,532       | 6,191       | 5,941       | 4,341       | 3,680       |
| 749         | 640         | 1,308       | 1,274       | 479         | 790         |
| 485         | 546         | 567         | 611         | 522         | 498         |
| 96          | 80          | 87          | 118         | 70          | 78          |
| 1,565       | 1,898       | 1,843       | 2,255       | 1,839       | 1,848       |
| 66          | 70          | 53          | 61          | 70          | 64          |
| 21          | 29          | 28          | 12          | 11          | 48          |
| 1,112       | 1,707       | 1,160       | 992         | 610         | 455         |
| 4,540       | 4,526       | 4,804       | 4,919       | 5,210       | 5,052       |
| 47,095      | 46,815      | 43,907      | 42,175      | 38,040      | 38,665      |
| 4,039       | 2,938       | 2,767       | 2,939       | 2,620       | 2,323       |
| 1,890       | 1,081       | 833         | 603         | 614         | 446         |
| **          | 2,249       | 2,552       | 2,418       | 2,592       | 2,436       |

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

| Function                                     | Fiscal Year |             |             |             |
|--|-------------|-------------|-------------|-------------|
|  | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> |
| Public safety                                |             |             |             |             |
| Police:                                      |             |             |             |             |
| Stations                                     | 1           | 1           | 1           | 1           |
| Patrol units                                 | 33          | 34          | 36          | 37          |
| Fire stations                                | 1           | 1           | 1           | 1           |
| Highways and streets                         |             |             |             |             |
| Streets - paved (miles)                      | 44.05       | 47.23       | 47.23       | 50.38       |
| Streets - unpaved (miles)                    | 6.60        | 3.42        | 3.42        | 3.42        |
| Street lights                                | *           | *           | 893         | 962         |
| Traffic Signals                              | 8           | 8           | 8           | 8           |
| Culture and recreation                       |             |             |             |             |
| Park acreage                                 | 39          | 39          | 39          | 39          |
| Parks  | 8           | 8           | 8           | 8           |
| Tennis courts                                | 2           | 9           | 9           | 9           |
| Community centers                            | 1           | 1           | 1           | 1           |
| Historical Museum                            | 1           | 1           | 1           | 1           |
| Water  |             |             |             |             |
| Water mains (miles)                          | 97.9        | 101.0       | 101.0       | 102.6       |
| Fire hydrants                                | 565         | 595         | 595         | 612         |
| Maximum daily capacity (millions of gallons) | 4.84        | 12.96       | 12.96       | 12.96       |
| Sewer  |             |             |             |             |
| Sanitary sewers (miles)                      | 19.30       | 21.30       | 28.30       | 30.00       |
| Storm sewers (miles)                         | *           | *           | 36.62       | 37.29       |

Source: City of Lake Mary Departmental Monthly Reports

Notes

\* Information not available

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| Fiscal Year |             |             |             |             |             |
|-------------|-------------|-------------|-------------|-------------|-------------|
| <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
| 1           | 1           | 1           | 1           | 1           | 1           |
| 39          | 39          | 41          | 41          | 41          | 42          |
| 1           | 2           | 2           | 2           | 2           | 2           |
| 50.38       | 54.10       | 55.79       | 55.79       | 55.79       | 55.79       |
| 3.42        | 2.67        | 2.46        | 2.46        | 2.46        | 2.46        |
| 965         | 934         | 948         | 981         | 1,074       | 1,074       |
| 10          | 10          | 12          | 12          | 12          | 12          |
| 39          | 39          | 39          | 39          | 39          | 39          |
| 8           | 8           | 9           | 9           | 9           | 9           |
| 9           | 9           | 9           | 9           | 9           | 9           |
| 2           | 2           | 2           | 2           | 2           | 2           |
| 1           | 1           | 1           | 1           | 1           | 1           |
| 103.0       | 103.0       | 103.0       | 104.0       | 104.0       | 104.0       |
| 716         | 716         | 716         | 719         | 720         | 726         |
| 12.96       | 12.96       | 12.96       | 12.96       | 12.96       | 12.96       |
| 30.00       | 31.40       | 31.40       | 31.72       | 32.38       | 32.38       |
| 46.00       | 53.00       | 53.00       | 53.00       | 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<br>as a Percent of<br>Payroll (1) |
|------|--------------------------|---------------|------------------|----------|-----------------------------------|--------------------|---|
|      | Investment<br>Income Net | Contributions | Benefits         | Refunds  | Investment<br>Related<br>Expenses | Admin.<br>Expenses |   |
| 2001 | \$ (302,471)             | \$ 366,431    | \$ 49,706        | \$ 5,521 | \$ 6,167.00                       | \$ 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%   |
| 2008 | (1,086,579)              | 750,077       | 179,821          | 18,220   | 62,282                            | 19,839             | 19.6%   |
| 2009 | 84,784                   | 681,888       | 209,520          | 1,808    | 58,573                            | 17,912             | 17.5%   |
| 2010 | 754,474                  | 708,585       | 317,452          | 35,027   | 64,958                            | 21,242             | 20.9%   |

Note (1) In 2007, 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 (1) |
|------|-----------------------|---------------|------------------|----------|-----------------------------|-----------------|---|
|      | Investment Income Net | Contributions | Benefits         | Refunds  | Investment Related Expenses | Admin. Expenses |   |
| 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%   |
| 2008 | (715,846)             | 777,044       | 46,288           | 10,548   | 40,161                      | 14,976          | 25.5%   |
| 2009 | 118,636               | 875,274       | 66,597           | -        | 33,787                      | 19,806          | 13.7%   |
| 2010 | 648,234               | 798,498       | 75,202           | -        | 35,905                      | 38,049          | 22.1%   |

Note (1) In 2007, calculation changed to reflect city contribution as a percentage of annual Police Payroll



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## **OTHER REPORTS**

**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 the *City of Lake Mary, Florida* (the "City") as of and for the year ended September 30, 2010, and have issued our report thereon dated February 14, 2011. 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 opinions 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material 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*.

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

*McDiernit Davis & Company, LLC*

February 14, 2011

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

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

**Compliance**

We have audited the *City of Lake Mary, Florida's* (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2010. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2010.

**Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

*McDermitt Davis & Company, LLC*

February 14, 2011

CITY OF LAKE MARY, FLORIDA  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended September 30, 2010

| Award type  |         |                              |                     |
|---|---------|------------------------------|---------------------|
| Federal grantor   | Federal |                              |                     |
| Pass-through grantor  | CFDA    | Agency or Pass-through       | Federal             |
| Program title   | Number  | Entity Grant Number          | Expenditures        |
| <b>ARRA federal awards -</b>                                      |         |                              |                     |
| <b>United States Department of Transportation</b>                 |         |                              |                     |
| passed through State of Florida, Department of Transportation     |         |                              |                     |
| Highway Planning and Construction (Federal-Aid Highway Program) * | 20.205  | ARRA #254-B / 426327-1-58-01 | \$ 709,242          |
| Highway Planning and Construction (Federal-Aid Highway Program) * | 20.205  | ARRA #256-B / 426329-1-58-01 | 355,291             |
| Highway Planning and Construction (Federal-Aid Highway Program) * | 20.205  | ARRA #311-B / 426731-1-58-01 | 391,095             |
| <b>United States Department of Justice</b>                        |         |                              |                     |
| passed through State of Florida, Department of Law Enforcement    |         |                              |                     |
| Edward Byrne Memorial Justice Assistance Grant (JAG) Program      | 16.803  | 2010-ARRC-SEMI-1-W7-153      | 88,499              |
| <b>Other federal awards -</b>                                     |         |                              |                     |
| <b>United States Department of Transportation</b>                 |         |                              |                     |
| passed through State of Florida, Department of Transportation     |         |                              |                     |
| Highway Planning and Construction (Federal-Aid Highway Program) * | 20.205  | SFTL-161-R / 419764-1-28-01  | 49,447              |
| <b>United States Department of Justice</b>                        |         |                              |                     |
| passed through State of Florida, Department of Law Enforcement    |         |                              |                     |
| Edward Byrne Memorial Justice Assistance Grant (JAG) Program      | 16.738  | 2010-JAGD-SEMI-2-4Y-065      | <u>3,444</u>        |
| Total federal awards  |         |                              | <u>\$ 1,597,018</u> |

\* Denotes a major program

See accompanying Notes to Schedule of Expenditures of Federal Awards

CITY OF LAKE MARY, FLORIDA

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

Year Ended September 30, 2010

**Note 1 - Basis of Presentation:**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the *City of Lake Mary, Florida* (the "City") under programs of the federal government for the year ended September 30, 2010. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City.

**Note 2 - Summary of Significant Accounting Policies:**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

CITY OF LAKE MARY, FLORIDA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
FEDERAL AWARD PROGRAMS**

Year Ended September 30, 2010

**Part A - Summary of Auditor's Results:**

1. The auditor's report expresses an unqualified opinion on the financial statements of the *City of Lake Mary, Florida* (the "City").
2. No significant deficiencies relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of the City, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the City expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) OF OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs included: Department of Transportation Highway Planning and Construction (Federal-aid highway program (CFDA 20.205))
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. The City did not qualify as a low-risk auditee.

**Part B - Findings - Financial Statement Audit:**

None

**Part C - Findings and Questioned Costs - Major Federal Award Programs Audit:**

None

**MANAGEMENT LETTER**

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 fiscal year ended September 30, 2010, and have issued our report thereon dated February 14, 2011.

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; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. We have issued our Report on Internal Control over Financial Reporting and on Compliance and Other Matters, as well as the Report on Compliance with Requirements Applicable to each Major Federal Program and Internal Control over Compliance in accordance with OMB Circular A-133, and schedule of Findings and Questioned Costs. Disclosures in three reports and schedule, which are dated February 14, 2011, 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 *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 did not have any such findings.
- 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.

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- Section 10.554(1)(i)5., Rules of the Auditor General, requires based on professional judgment, 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) failure 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, 2010, 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, 2010. 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 specific parties.

*McDermitt Davis & Company, LLC*

February 14, 2011

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

We have audited the financial statements of the governmental activities, and each major fund, of *the City of Lake Mary, Florida* (the "City") for the year ended September 30, 2010. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, Government Auditing Standards and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 28, 2010. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2010. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the *City's* basic financial statements was:

Management's estimate of the allowance for depreciation is based on the estimated useful lives of the capital assets. We evaluated the reasonableness of the useful lives as well as the depreciation methods in determining that it is reasonable in relation to the basic financial statements taken as a whole.

##### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

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### *Correct and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated February 14, 2011.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the 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.

Very truly yours,

*McDermitt Davis & Company, LLC*

February 14, 2011