

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
of the
CITY OF LAKE MARY
FLORIDA
FISCAL YEAR ENDED
September 30, 2011**



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, 2011
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Introductory Section



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City of Lake Mary

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City Manager

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February 16, 2012

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, 2011. 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, 2011, 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, 2011, 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 13,868. 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; cemetery management; 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 1st of each year. The City Commission must hold public hearings on the proposed budget and adopt a final budget by September 30th 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

The City of Lake Mary is still experiencing a slowdown in its economic environment. We continue to feel the effects of both the national and state economies along with the declining real estate market. Property values dropped again by \$100,991,512 which is over a 23% total decrease since 2007. From an aesthetic perspective, foreclosures continue to be a challenge although the ordinance adopted requiring mortgage holders to register these properties and perform periodic yard maintenance has resulted in a significant drop in the number of complaints. Our population has dropped almost 5% as compared to last year.

The City continues to have the lowest total millage rate of the seven cities in Seminole County 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.

Governmental Funds Financial Summary

As shown in the table below, a comparison of governmental fund revenue trends between Fiscal Years 2010 and 2011 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 6% due to a rate reduction by Progress Energy and the number of vacant homes for which no utility taxes were received during the year. Although licenses and permit revenue reflect an increase over the prior year, the activity was not related to new construction resulting in a decrease in impact fees and assessment revenues. The large increase in Intergovernmental revenues is attributable to the recognition of \$4.7 million of 2nd Generation 1 Cent Sales Tax revenue. Increased revenues for Charges for Services are primarily due to the recognition of rescue transport revenues billed but not yet collected. Investment earnings decreased by 36% 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.

Governmental Funds Revenue Trends

(amounts shown in the thousands)

	2010 Total	2011 Total	Increase / (Decrease)	% Increase / (Decrease)
Revenues				
Property taxes	\$ 7,325	\$ 6,471	\$ (854)	-12%
Franchise and utility taxes	6,736	6,307	(429)	-6%
Licenses/Permits	625	688	63	10%
Intergovernmental	3,849	6,608	2,759	72%
Charges for services	1,232	1,441	209	17%
Impact fees/assessments	51	40	(11)	-22%
Fines and forfeitures	122	112	(10)	-8%
Investment earnings	386	247	(139)	-36%
Miscellaneous	196	162	(34)	-17%
Total Revenue	<u>\$ 20,522</u>	<u>\$ 22,076</u>	<u>\$ 1,554</u>	

The decrease in General government costs are due to a one time recognition of the FEMA liability recorded in fiscal year 2010. Expenditures increased by some 61% in Public works activities because the City did not receive ARRA grant funds use in the previous year for resurfacing major roadway projects. The Cemetery Fund expenses were reclassified from Parks and recreation to Other physical environment. Capital outlay increased by 13% primarily due to the completion of Park and recreation Projects such as the Sports Center security cameras and lighting retrofit and the shade structure at the Splash Park. Debt service expenses increased due to the payoff of the balance of the Series 2003 Public Improvement Refunding Revenue Bonds.

Governmental Funds Expenditure Trends

(amounts shown in the thousands)

	2010 Total	2011 Total	Increase / (Decrease)	% Increase / (Decrease)
Expenditures				
General government	\$ 3,208	\$ 3,048	\$ (160)	-5%
Public works	2,421	942	(1,479)	-61%
Public safety	9,452	9,531	79	1%
Parks and recreation	1,991	1,956	(35)	-2%
Other physical environment	-	17	17	-
Capital outlay	1,201	1,360	159	13%
Debt service	1,621	2,506	885	55%
Total Expenditures	<u>\$ 19,894</u>	<u>\$ 19,360</u>	<u>\$ (534)</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.

Management's goals include stabilizing tax rates. For the fourth consecutive year, the City's operating millage has remained the same. 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 FY2011, 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 No. 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 2014. 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.

Activities and community involvements are critical to the Lake Mary Downtown. Creating a reason for the greater community to visit, shop, eat and play is a important to creating a vibrant community as is bricked streets, vintage light fixtures and parking. The Master Events Plan looks at the Downtown and identifies and envisions opportunities for both active and passive activity and entertainment nodes for commerce and the option for community gathering.

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 the voted 2nd Generation One-Cent Sales Tax dollars and scheduled to be completed by the Summer of 2012.

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, 2010. This was the nineteenth 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,

Jacqueline B. Sova

Jacqueline B. Sova
City Manager

Dianne S. Holloway

Dianne Holloway
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, 2010

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.



Linda C. Davison

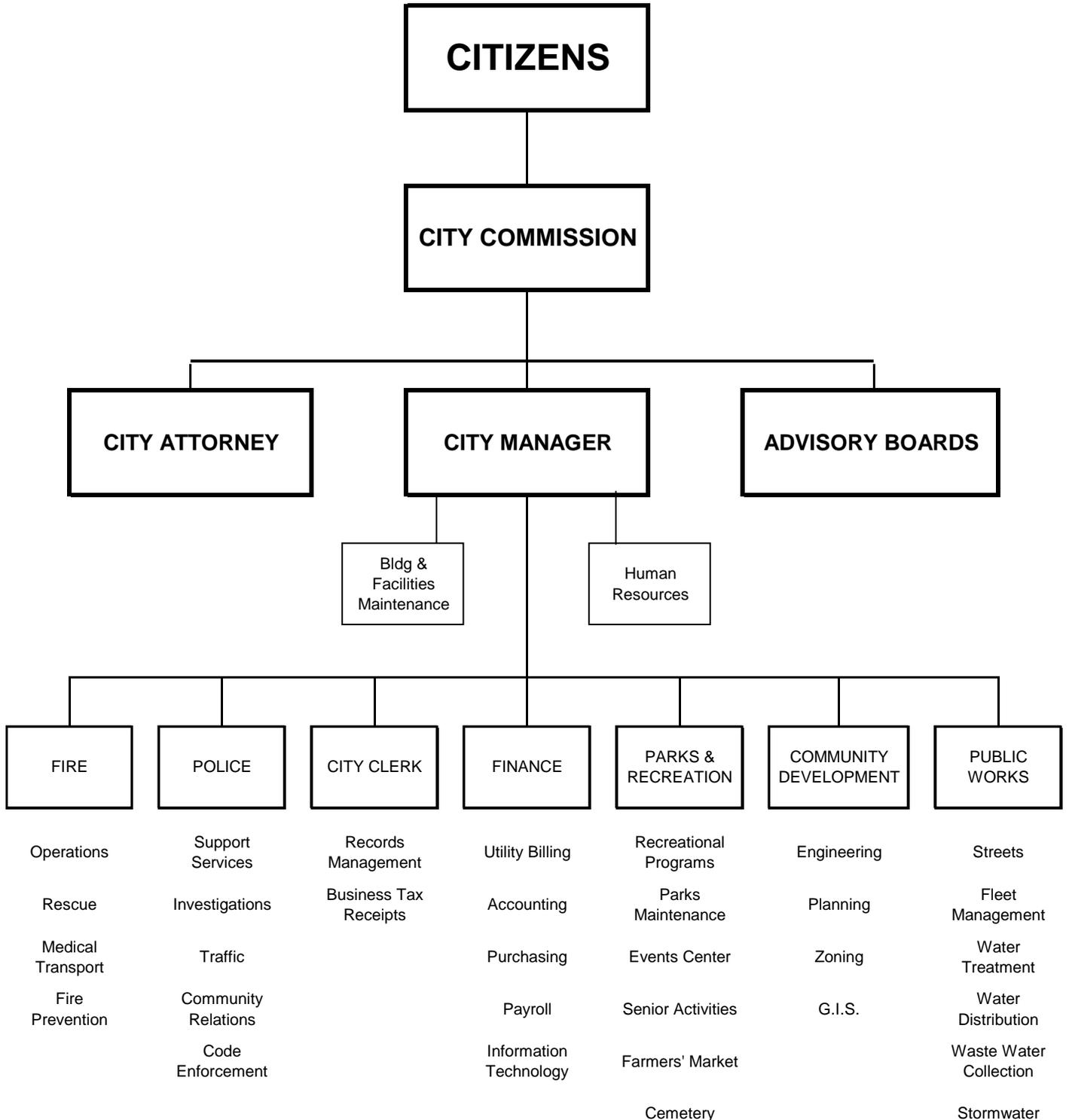
President

Jeffrey R. Egan

Executive Director

CITY OF LAKE MARY, FLORIDA

ORGANIZATIONAL CHART



**CITY OF LAKE MARY, FLORIDA
PRINCIPAL CITY OFFICIALS
SEPTEMBER 30, 2011**

CITY COMMISSION

David Mealor, Mayor

Gary L. Brender, Deputy Mayor
Allan F. Plank

George F. Duryea
Jo Ann Lucarelli

ADMINISTRATION

CITY MANAGER
Jacqueline B. Sova

FINANCE DIRECTOR
Dianne S. Holloway

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
Bryan R. Nipe

POLICE CHIEF
Steve Bracknell

FIRE CHIEF
Craig E. Haun

Financial Section



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FINANCIAL SECTION

Report of Independent Certified Public Accountants
Management's Discussion and Analysis
Basic Financial Statements
Notes to the Financial Statements
Required Supplemental Information



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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Commission
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, 2011, 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the *City of Lake Mary, Florida*, as of September 30, 2011, 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 6, 2012, 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.

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 66 through 67, 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 combining and individual nonmajor fund financial statements and schedules 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 and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

McDermitt Davis & Company, LLC

February 6, 2012

Management's Discussion and Analysis



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**CITY OF LAKE MARY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011**

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, 2011. 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, 2011 by \$97,139,125 (net assets). Of this amount, \$32,639,145 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$5,412,362 (or 5.9%) due primarily to an increase in current and other assets. Governmental total net assets increased by \$5,253,028 (or 9.1%) while business-type activities increased by \$159,334 (or 0.5%).
- As of the close of the current fiscal year, the City of Lake Mary's governmental funds reported combined ending fund balances of \$22,461,154, an increase of \$3,566,071 in comparison with the prior year. Approximately 61.4% of this amount, or \$13,780,540, is available for spending at the City's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$13,780,540 (or 78.1%) of total expenditures and transfers out.
- Net Assets of the Police Officers' and Firefighters' Pension Trust Funds increased by \$45,925 and \$401,785 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, parks and recreation and other physical environment. 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 compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental,

**CITY OF LAKE MARY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011**

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 2011, the City utilized fourteen 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 2nd Generation 1 Cent Sales Tax Fund, which are considered to be major funds. Data from the other twelve 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 \$97,139,125 at the close of fiscal year ended September 30, 2011. At the end of fiscal year 2011, the City

**CITY OF LAKE MARY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011**

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	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 26,807,435	\$ 22,840,778	\$ 14,519,304	\$ 13,651,904	\$ 41,326,739	\$ 36,492,682
Restricted assets	289,850	325,409	1,020,046	929,008	1,309,896	1,254,417
Capital assets	44,792,973	45,321,103	19,145,277	19,854,855	63,938,250	65,175,958
Total assets	<u>71,890,258</u>	<u>68,487,290</u>	<u>34,684,627</u>	<u>34,435,767</u>	<u>106,574,885</u>	<u>102,923,057</u>
Current liabilities	1,221,396	1,099,134	327,314	261,257	1,548,710	1,360,391
Non-current liabilities outstanding	6,099,850	8,345,409	300,997	294,897	6,400,847	8,640,306
Other liabilities (comp abs & opeb)	1,393,781	1,120,544	92,422	75,053	1,486,203	1,195,597
Total liabilities	<u>8,715,027</u>	<u>10,565,087</u>	<u>720,733</u>	<u>631,207</u>	<u>9,435,760</u>	<u>11,196,294</u>
Net assets invested in capital assets, net of related debt	39,025,533	37,301,103	19,145,277	19,854,855	58,170,810	57,155,958
Net assets restricted for capital improvement	5,610,121	1,818,808	719,049	634,111	6,329,170	2,452,919
Unrestricted net assets	18,539,577	18,802,292	14,099,568	13,315,594	32,639,145	32,117,886
Total net assets	<u>\$ 63,175,231</u>	<u>\$ 57,922,203</u>	<u>\$ 33,963,894</u>	<u>\$ 33,804,560</u>	<u>\$ 97,139,125</u>	<u>\$ 91,726,763</u>

The largest portion of the City's net assets \$58,170,810 (or 59.9%) 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 62.3% in the prior year. In Fiscal Year 2010, 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 \$6,329,170 (or 6.5%) represents resources that are subject to external restrictions on how they may be used. Assets restricted for capital improvements include the 2nd Generation One Cent Sales Tax Fund and the Capital Projects Fund for various public improvement projects in progress as well as unspent impact fees in the Water and Sewer Fund.

Unrestricted net assets for governmental activities was reduced by \$262,715, due to the increase in both net assets invested in capital assets, net of related debt and net assets restricted for capital improvement. Unrestricted net assets increased for business-type activities by \$783,974, which now comprises 41.5% of total net assets.

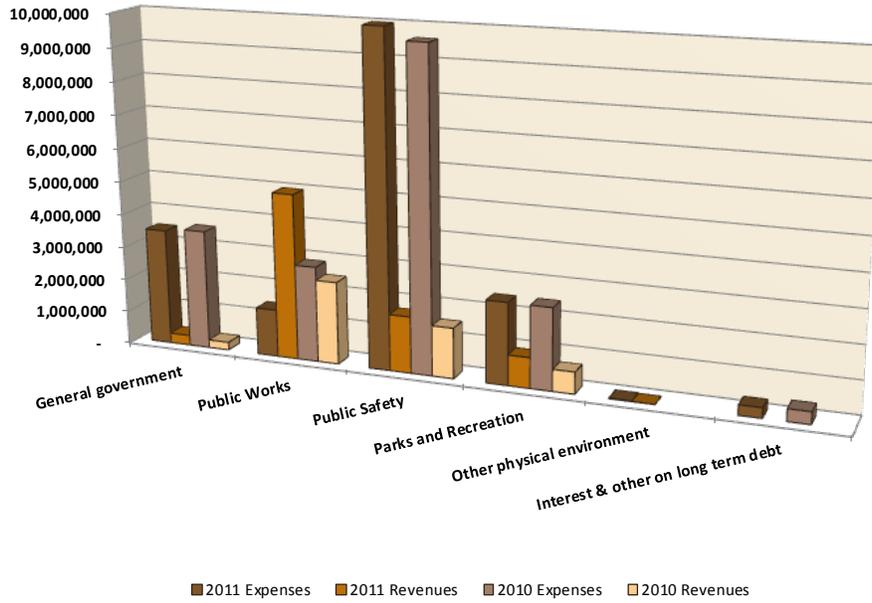
**CITY OF LAKE MARY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011**

Changes In Net Assets
For the Year Ended September 30,

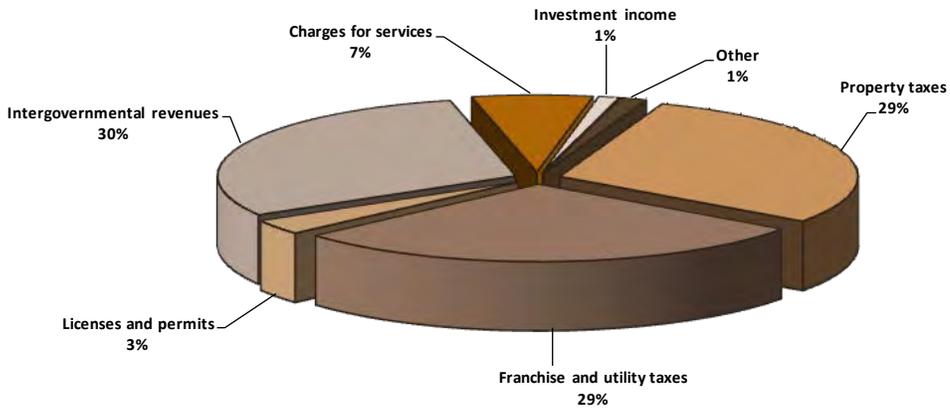
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 2,294,060	\$ 2,029,896	\$ 4,743,937	\$ 4,275,752	\$ 7,037,997	\$ 6,305,648
Operating grants and contributions	593,639	603,840	-	-	593,639	603,840
Capital grants and contributions	4,993,755	2,236,484	84,968	13,417	5,078,723	2,249,901
General revenues:						
Property taxes	6,470,685	7,325,514	-	-	6,470,685	7,325,514
Other taxes	6,306,791	6,735,676	-	-	6,306,791	6,735,676
Other revenues	1,417,287	1,590,466	130,550	264,134	1,547,837	1,854,600
Total revenues	<u>22,076,217</u>	<u>20,521,876</u>	<u>4,959,455</u>	<u>4,553,303</u>	<u>27,035,672</u>	<u>25,075,179</u>
Expenses:						
General government	3,494,168	3,591,426	-	-	3,494,168	3,591,426
Public works	1,420,444	2,866,726	-	-	1,420,444	2,866,726
Public safety	9,982,292	9,605,110	-	-	9,982,292	9,605,110
Parks and recreation	2,452,636	2,449,242	-	-	2,452,636	2,449,242
Other physical environment	20,580	-	-	-	20,580	-
Interest and other on long term debt	303,069	366,467	-	-	303,069	366,467
Water and sewer	-	-	3,546,360	3,119,247	3,546,360	3,119,247
Stormwater	-	-	403,761	374,227	403,761	374,227
Total expenses	<u>17,673,189</u>	<u>18,878,971</u>	<u>3,950,121</u>	<u>3,493,474</u>	<u>21,623,310</u>	<u>22,372,445</u>
Increase (decrease) in net assets before transfers & special items	<u>4,403,028</u>	<u>1,642,905</u>	<u>1,009,334</u>	<u>1,059,829</u>	<u>5,412,362</u>	<u>2,702,734</u>
Return of Contribution	-	(600,000)	-	-	-	(600,000)
Transfers	850,000	850,000	(850,000)	(850,000)	-	-
Increase (decrease) in net assets	<u>5,253,028</u>	<u>1,892,905</u>	<u>159,334</u>	<u>209,829</u>	<u>5,412,362</u>	<u>2,102,734</u>
Net assets - October 1	<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>
Net assets - September 30	<u>\$ 63,175,231</u>	<u>\$ 57,922,203</u>	<u>\$ 33,963,894</u>	<u>\$ 33,804,559</u>	<u>\$ 97,139,125</u>	<u>\$ 91,726,762</u>

**CITY OF LAKE MARY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011**

Governmental Program Expenses vs. Program Revenues

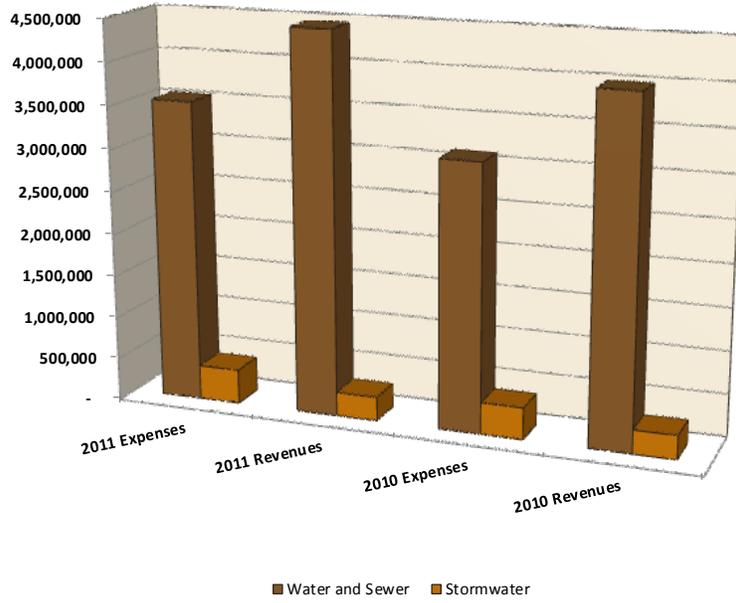


Governmental Revenues by Source

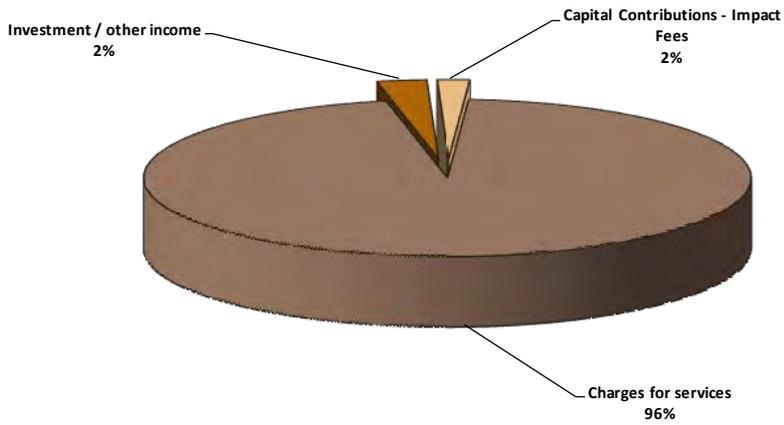


**CITY OF LAKE MARY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011**

Business-type Program Expenses vs. Program Revenues



Business-type activities - Revenues by Source



**CITY OF LAKE MARY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011**

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, unassigned 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. The increase in public safety spending reflects additional spending from Law Enforcement Trust Fund for access control and AED units, as well as increased donations. Overall, the City continues to remain on solid financial footing and results of operations are as expected in all funds.

As of September 30, 2011, the City's governmental funds reported combined ending fund balances of \$22,461,154, an increase of \$3,566,071 compared with the prior year. Approximately 61.4% of fund balance, or \$13,780,540 constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance, \$8,680,614, is either non spendable, as inventories and prepaid items, restricted for special revenue funds, committed to debt service payments or other capital projects, assigned to debt service transfers in the following year, or subsequent year expenditures. These fund balance categories indicate that funds are 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, 2011, the unassigned fund balance of the General Fund was \$13,780,540 while the total fund balance was \$15,066,183. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 78.1% percent of total General Fund expenditures and transfers out, while total fund balance represents 85.4% of that same amount.

The fund balance of the City's General Fund decreased \$79,400 during the fiscal year. This decrease is a combination of a reduction in ad valorem taxes and utility taxes, and the additional transfer to debt service funds used to retire the 2003 PIRRB Issue. Cost cutting measures were implemented to reduce expenditures which partially offset the loss in revenues. A more detailed explanation is available in the notes to the financial statements.

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

	2011	2010
REVENUES		
Taxes	\$ 12,777,476	\$ 14,061,190
Licenses and permits	688,092	625,295
Intergovernmental revenues	6,608,224	3,848,816
Charges for services/fines	1,552,903	1,353,589
Impact fees/assessments	40,400	51,012
Investment and other income	409,122	581,974
Total revenues	<u>22,076,217</u>	<u>20,521,876</u>
EXPENDITURES		
General government	3,275,211	3,675,343
Public works	1,629,246	3,060,418
Public safety	9,620,571	9,546,061
Parks and recreation	2,282,742	1,990,882
Other physical environment	46,665	-
Debt service	2,505,711	1,621,369
Total expenditures	<u>19,360,146</u>	<u>19,894,073</u>
over(under) expenditures	<u>2,716,071</u>	<u>627,803</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	3,767,255	2,964,589
Transfers out	<u>(2,917,255)</u>	<u>(2,114,589)</u>
Total other financing source (use)	<u>850,000</u>	<u>850,000</u>
Net change in fund balances	3,566,071	1,477,803
Fund balances - beginning	<u>18,895,083</u>	<u>17,417,280</u>
Fund balances - end	<u>\$ 22,461,154</u>	<u>\$ 18,895,083</u>

**CITY OF LAKE MARY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011**

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 2011, a transfer of \$400,000 was received 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, 2011, unrestricted net assets of the Water and Sewer Fund amounted to \$13,355,757, unrestricted net assets of the Stormwater Utility Fund were \$743,811, and net assets restricted for capital improvement in the Water and Sewer Fund were \$719,049. Increase in net assets was \$159,334 over the prior year. An increase of 13.1% was shown in proprietary funds expenses, along with an increase of 11% in charges for service.

General Fund Budgetary Highlights

During fiscal year 2011, General Fund budget was amended to increase miscellaneous donations to account for a \$7,831 receipt from the Senior Shred-a-thon to fund various Senior Center activities, \$18,067 increase in donations from the Trailblazers slated to fund the Shade Pyramid and the Splash park, \$1,000 increase in donations for fire sprinkler education and \$3,237 increase in state grant revenues awarded to public safety for police equipment. In 2010, 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 \$19,340,855 and actual expenditures (budgetary basis) \$17,636,395. General Fund revenues exceeded the original budget by \$720,350, or 4.5%. The significant general fund budget to actual variance is summarized by the following:

- City reported a positive variance of \$356,527, 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. This positive variance was offset by the shortfall in Communications Service Taxes.
- Communications Service tax revenue fell short of projections by \$305,033, due in part to the current economic environment and consumers' election to reduce redundant land line telephone service and rely solely on cellular service.
- \$395,116 positive variance in Charges for Services can be attributed in part to a positive variance in Events Center revenues of \$64,973 due primarily to increased rental opportunities and fee increases, and a positive variance of \$257,144 in rescue transport fees and an additional \$51,190 in police services.

Actual expenditures were less than amended appropriations by \$1,704,460, a variance of 10.4%, due to a reduction in overtime costs, reductions in workforce due to attrition, reductions in property, liability and workers compensation insurance premiums, lower than expected fuel costs and legal fees, lower than expected salary increases and a restructuring within the police department.

Transfers to other funds were:

- \$2,517,255 to Debt Service Funds.
- \$400,000 to the Capital Projects Fund.

**CITY OF LAKE MARY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011**

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, 2011, amounts to \$63,938,250 (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 \$1,237,708 which includes depreciation expense of \$2,940,608.

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

Downtown Land Acquisition, current year costs of \$177,644.

Purchase of land under infrastructure for Sand Pond/Skyline Drive improvements of \$229,438.

Replacement vehicles \$331,316.

Security Camera at Sports Complex \$75,877.

Sports Complex retrofit lighting \$232,932.

Shade structure for Splash Park \$18,424.

Building Access Control \$153,445.

Cemetery fence \$21,984 and software \$14,395.

Cold Mix paving of \$131,611.

Major capital assets included in Construction in Progress:

Lake Mary By-Pass Study, FY11 costs of \$17,950 for a total of \$352,946.

Sand Pond/Skyline Dr improvements, current costs of \$289,395 for a total of \$572,667.

Downtown R-O-W upgrades \$37,137.

Sun-Rail Enhancements, \$15,215.

**CITY OF LAKE MARY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011**

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

	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 10,715,407	\$ 10,308,325	\$ 39,548	\$ 39,548	\$ 10,754,955	\$ 10,347,873
Buildings	16,425,307	17,089,301	177,000	188,800	16,602,307	17,278,101
Improvements other than bldg	1,712,643	1,673,876	-	-	1,712,643	1,673,876
Water/sewer system	-	-	17,241,964	17,698,036	17,241,964	17,698,036
Stormwater system	-	-	1,631,082	1,816,620	1,631,082	1,816,620
Intangible assets	46,199	48,503	6,836	13,418	53,035	61,921
Machinery and equipment	605,190	746,072	18,247	37,829	623,437	783,901
Vehicles	1,597,605	1,715,843	-	-	1,597,605	1,715,843
Infrastructure	12,704,972	13,025,471	-	-	12,704,972	13,025,471
Construction in progress	985,650	713,712	30,600	60,604	1,016,250	774,316
Total	\$ 44,792,973	\$ 45,321,103	\$ 19,145,277	\$ 19,854,855	\$ 63,938,250	\$ 65,175,958

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 \$5,810,000, which consists of bonds payable. Business-type activities have no outstanding debt.

Long Term Debt
As of September 30,

	Governmental activities	
	2011	2010
PIRRB 2003	\$ -	\$ 1,800,000
PIRRB 2007	5,810,000	6,220,000
Total	\$ 5,810,000	\$ 8,020,000

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

Additional information 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, 2011**

Economic Factors and Next Year's Budgets and Rates

The local economy included employment and home value challenges reflective of those that continue to plague much of the nation in 2011. The unemployment rate for the City at September 30, 2011 was 10.2%, a decrease of 1.6% from the prior year. The national unemployment rate for the same period was 9%. 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 4.1% while the value of personal property declined by almost 15.8% in fiscal year 2011. During the current fiscal year, new residential and nonresidential construction in the City was valued at \$5.9 million.

The City's elected and appointed officials considered many factors when adopting the fiscal year end 2012 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 1.0055 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 \$388,552 decline in ad valorem revenues.

The General Fund fiscal year 2012 budget was adopted utilizing \$1,281,670 of fund balance for the payment of debt service and for appropriations leaving an unassigned fund balance of \$13,780,540. After considering the City's Fund Balance/Net Assets Policy, \$10,100,755 remains.

The Water and Sewer Fund reflects unrestricted net assets of \$13,355,757. The fiscal year 2012 budget appropriates \$1,292,396 for spending, leaving an unrestricted net asset balance of \$12,063,361. The 25% designation intended by the City's Fund Balance/Net Assets Policy is \$886,590.

The Stormwater Utility Fund appropriated \$68,920 for spending in fiscal year 2012 leaving a balance of \$674,891 in unrestricted net assets. The 25% designation intended by the City's Fund Balance/Net Assets Policy is \$100,940.

The City continues to focus on building a community where there is an excellent quality of life while sustaining current or improved service levels as the community continues to grow. The Downtown Development Area approved a Transit Oriented Development plan that will serve as a basis for exciting new construction as the City eagerly anticipates the new commuter rail stop near the existing police station in 2014. Scheduled to proceed are efforts at additional beautification and development within the area. To help promote economic development the City seeks to join forces with quality managed businesses to build partnerships for the future. In concert with Seminole County, economic incentives may be available to attract quality businesses.

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, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 10,491,735	\$ 3,703,939	\$ 14,195,674
Investments	12,813,464	9,957,510	22,770,974
Interest receivable	24,896	15,231	40,127
Accounts receivable (net of allowance for uncollectibles)	834,984	385,943	1,220,927
Due from other governmental units	2,446,630	-	2,446,630
Unbilled service charges	910	123,390	124,300
Special assessments - current	2,733	65,101	67,834
Inventories	38,978	44,423	83,401
Prepaid items	5,275	38,970	44,245
Bond issuance costs	42,560	-	42,560
Restricted assets:			
Temporarily restricted cash or investments:	289,850	1,020,046	1,309,896
Pension assets	105,270	-	105,270
Special assessments noncurrent	-	170,763	170,763
Unamortized sewer capacity	-	14,034	14,034
Capital assets not being depreciated:			
Land	10,715,407	39,548	10,754,955
Construction in progress	985,650	30,600	1,016,250
Capital assets net of accumulated depreciation:			
Buildings	16,425,307	177,000	16,602,307
Improvements other than buildings	1,712,643	-	1,712,643
Water/sewer system	-	17,241,964	17,241,964
Stormwater system	-	1,631,082	1,631,082
Intangible assets	46,199	6,836	53,035
Machinery and equipment	605,190	18,247	623,437
Vehicles	1,597,605	-	1,597,605
Infrastructure	12,704,972	-	12,704,972
Total assets	<u>71,890,258</u>	<u>34,684,627</u>	<u>106,574,885</u>
LIABILITIES			
Accounts payable and other current liabilities	1,133,506	259,111	1,392,617
Unearned revenue	87,890	68,203	156,093
Noncurrent liabilities:			
Liabilities payable from restricted assets	289,850	300,997	590,847
Due within one year	432,220	6,818	439,038
Due in more than one year	6,771,561	85,604	6,857,165
Total liabilities	<u>8,715,027</u>	<u>720,733</u>	<u>9,435,760</u>
NET ASSETS			
Invested in capital assets, net of related debt	39,025,533	19,145,277	58,170,810
Restricted for capital improvement	5,610,121	719,049	6,329,170
Unrestricted	18,539,577	14,099,568	32,639,145
Total net assets	<u>\$ 63,175,231</u>	<u>\$ 33,963,894</u>	<u>\$ 97,139,125</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, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Government activities:							
General government	\$ 3,494,168	\$ 277,431	\$ -	\$ 17,950	\$ (3,198,787)	\$ -	\$ (3,198,787)
Public works	1,420,444	459	281,433	4,693,393	3,554,841	-	3,554,841
Public safety	9,982,292	1,334,292	312,206	49,524	(8,286,270)	-	(8,286,270)
Parks and recreation	2,452,636	677,878	-	232,888	(1,541,870)	-	(1,541,870)
Other physical environment	20,580	4,000	-	-	(16,580)	-	(16,580)
Interest & other fiscal charges on long-term debt	303,069	-	-	-	(303,069)	-	(303,069)
Total governmental activities	<u>17,673,189</u>	<u>2,294,060</u>	<u>593,639</u>	<u>4,993,755</u>	<u>(9,791,735)</u>	<u>-</u>	<u>(9,791,735)</u>
Business-type activities:							
Water and Sewer	3,546,360	4,463,054	-	84,968	-	1,001,662	1,001,662
Stormwater	403,761	280,883	-	-	-	(122,878)	(122,878)
Total business-type activities	<u>3,950,121</u>	<u>4,743,937</u>	<u>-</u>	<u>84,968</u>	<u>-</u>	<u>878,784</u>	<u>878,784</u>
Total primary government	<u>\$ 21,623,310</u>	<u>\$ 7,037,997</u>	<u>\$ 593,639</u>	<u>\$ 5,078,723</u>	<u>(9,791,735)</u>	<u>878,784</u>	<u>(8,912,951)</u>
General revenues:							
Property taxes					6,470,685	-	6,470,685
Franchise & utility taxes					6,306,791	-	6,306,791
Unrestricted intergovernmental revenues					1,008,165	-	1,008,165
Unrestricted investment earnings					247,384	129,596	376,980
Gain on sale of capital assets					15,815	954	16,769
Miscellaneous revenues					145,923	-	145,923
Transfers					850,000	(850,000)	-
Total general revenues and transfers					<u>15,044,763</u>	<u>(719,450)</u>	<u>14,325,313</u>
Change in net assets					<u>5,253,028</u>	<u>159,334</u>	<u>5,412,362</u>
Net assets - beginning					<u>57,922,203</u>	<u>33,804,560</u>	<u>91,726,763</u>
Net assets - ending					<u>\$ 63,175,231</u>	<u>\$ 33,963,894</u>	<u>\$ 97,139,125</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, 2011

	General Fund	2nd Generation One Cent Sales Tax	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 6,323,568	\$ 2,063,192	\$ 1,488,427	\$ 9,875,187
Investments	8,545,763	394	1,931,839	10,477,996
Interest receivable	16,618	2,669	2,494	21,781
Receivables (net of allowance for uncollectibles)	834,984	-	-	834,984
Unbilled service charges	910	-	-	910
Due from other governments	311,956	1,901,786	232,888	2,446,630
Special assessments-current	2,733	-	-	2,733
Inventories	3,698	-	-	3,698
Prepaid items	275	-	5,000	5,275
Restricted cash and cash equivalents	289,850	-	-	289,850
Total Assets	<u>\$ 16,330,355</u>	<u>\$ 3,968,041</u>	<u>\$ 3,660,648</u>	<u>\$ 23,959,044</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 292,106	\$ 183,764	\$ 32,766	\$ 508,636
Accrued liabilities	345,453	-	-	345,453
Retainage payable	-	17,188	-	17,188
Due to other governments	166,863	-	-	166,863
Deferred revenue	87,890	-	-	87,890
Other liabilities	82,010	-	-	82,010
Liabilities payable from restricted assets	289,850	-	-	289,850
Total Liabilities	<u>1,264,172</u>	<u>200,952</u>	<u>32,766</u>	<u>1,497,890</u>
Fund Balances				
Non spendable:	3,973	-	-	3,973
Restricted:	-	3,767,089	1,231,771	4,998,860
Committed:	-	-	2,396,111	2,396,111
Assigned:	1,281,670	-	-	1,281,670
Unassigned	13,780,540	-	-	13,780,540
Total fund balance	<u>15,066,183</u>	<u>3,767,089</u>	<u>3,627,882</u>	<u>22,461,154</u>
Total liabilities and fund balances	<u>\$ 16,330,355</u>	<u>\$ 3,968,041</u>	<u>\$ 3,660,648</u>	<u>\$ 23,959,044</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, 2011

Total governmental funds fund balance		\$ 22,461,154
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.		43,195,368
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.		4,546,910
Prepaid costs of bond issuance should be recorded as an asset and amortized over the life of the issuance.		
Total issuance cost 2007	\$ 56,750	
Less: amortization over 20 years (yr 5)	<u>(14,190)</u>	42,560
The noncurrent portion of compensated absences is not due and payable in the current period and therefore, is not reported in the funds.		(1,280,942)
The long-term portion of bonds payable is not due and payable in the current period, and therefore, is not reported in the funds.		(5,380,000)
The current portion of bonds payable is not recorded as a liability in governmental funds balance sheet.		(430,000)
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.		105,270
The net other post employment benefits obligation is not recorded as a liability in governmental funds balance sheet.		(85,089)
Net assets of governmental activities		<u>\$ 63,175,231</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, 2011

	General Fund	2nd Gen 1 Cent Sales Tax	Other Government Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property	\$ 6,470,685	\$ -	\$ -	\$ 6,470,685
Franchise and utility taxes	6,306,791	-	-	6,306,791
Licenses and permits	688,092	-	-	688,092
Intergovernmental revenues	1,331,418	4,693,393	583,413	6,608,224
Charges for services	1,436,816	-	4,000	1,440,816
Impact fees/assessments	32,802	-	7,598	40,400
Fines and forfeitures	80,923	-	31,164	112,087
Investment income	229,730	8,507	9,147	247,384
Other	129,738	-	32,000	161,738
Total revenues	<u>16,706,995</u>	<u>4,701,900</u>	<u>667,322</u>	<u>22,076,217</u>
EXPENDITURES				
Current:				
General government	3,031,093	-	17,279	3,048,372
Public works	607,018	284,367	50,280	941,665
Public safety	9,107,096	-	423,638	9,530,734
Parks and recreation	1,955,509	-	-	1,955,509
Other physical environment	-	-	17,231	17,231
Debt service:				
Principal	-	-	2,210,000	2,210,000
Interest and other fiscal charges	-	-	295,711	295,711
Capital outlay:				
General government	-	-	226,839	226,839
Public works	-	650,444	37,137	687,581
Public safety	-	-	89,837	89,837
Parks and recreation	18,424	-	308,809	327,233
Other physical environment	-	-	29,434	29,434
Total expenditures	<u>14,719,140</u>	<u>934,811</u>	<u>3,706,195</u>	<u>19,360,146</u>
Excess(deficiency) of revenues over(under) expenditures	<u>1,987,855</u>	<u>3,767,089</u>	<u>(3,038,873)</u>	<u>2,716,071</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	850,000	-	2,917,255	3,767,255
Transfers out	(2,917,255)	-	-	(2,917,255)
Total other financing sources (uses)	<u>(2,067,255)</u>	<u>-</u>	<u>2,917,255</u>	<u>850,000</u>
Net change in fund balances	(79,400)	3,767,089	(121,618)	3,566,071
Fund balances - beginning	15,145,583	-	3,749,500	18,895,083
Fund balances - end	<u>\$ 15,066,183</u>	<u>\$ 3,767,089</u>	<u>\$ 3,627,882</u>	<u>\$ 22,461,154</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, 2011

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

Net change in fund balances -- total governmental funds \$ 3,566,071

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	\$ 1,360,924	
Current year depreciation	<u>(1,770,814)</u>	(409,890)

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	2,210,000	
Issuance Costs allocated expense	(4,520)	
Issuance Costs allocated expense	<u>(2,838)</u>	2,202,642

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. 138,820

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. 24,939

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. (269,554)

Change in net assets of governmental activities (page 28) \$ 5,253,028

**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, 2011**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Property	\$ 6,358,306	\$ 6,358,306	\$ 6,470,685	\$ 112,379
Franchise and utility taxes	6,245,434	6,245,434	6,306,791	61,357
Licenses and permits	471,350	471,350	688,092	216,742
Intergovernmental revenues	1,364,255	1,367,492	1,331,418	(36,074)
Charges for services	1,041,700	1,041,700	1,436,816	395,116
Impact fees/assessments	32,500	32,500	32,802	302
Fines and forfeitures	94,100	94,100	80,923	(13,177)
Investment income	289,000	289,000	229,730	(59,270)
Other	90,000	116,898	129,738	12,840
Total revenues	<u>15,986,645</u>	<u>16,016,780</u>	<u>16,706,995</u>	<u>690,215</u>
EXPENDITURES				
Current:				
General government	3,718,974	3,718,974	3,031,093	687,881
Public works	630,155	630,155	607,018	23,137
Public safety	9,893,382	9,897,619	9,107,096	790,523
Parks and recreation	2,131,732	2,176,852	1,973,933	202,919
Total expenditures	<u>16,374,243</u>	<u>16,423,600</u>	<u>14,719,140</u>	<u>1,704,460</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>(387,598)</u>	<u>(406,820)</u>	<u>1,987,855</u>	<u>2,394,675</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	850,000	850,000	850,000	-
Transfers out	<u>(2,026,862)</u>	<u>(2,917,255)</u>	<u>(2,917,255)</u>	<u>-</u>
Total other financing sources and uses	<u>(1,176,862)</u>	<u>(2,067,255)</u>	<u>(2,067,255)</u>	<u>-</u>
Net change in fund balances	<u>(1,564,460)</u>	<u>(2,474,075)</u>	<u>(79,400)</u>	<u>2,394,675</u>
Fund Balances at Beginning of Year	<u>15,145,583</u>	<u>15,145,583</u>	<u>15,145,583</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 13,581,123</u>	<u>\$ 12,671,508</u>	<u>\$ 15,066,183</u>	<u>\$ 2,394,675</u>

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

City of Lake Mary, Florida
Statement of Net Assets
Proprietary Funds
As of September 30, 2011

	Business Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water and Sewer Fund	Stormwater Utility Fund	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 3,416,638	\$ 287,301	\$ 3,703,939	\$ 616,548
Investments	9,518,908	438,602	9,957,510	2,335,468
Interest receivable	14,607	624	15,231	3,115
Accounts receivable (net of allowance for uncollectibles)	362,708	23,235	385,943	-
Unbilled service charges	115,754	7,636	123,390	-
Special assessments - current	57,524	7,577	65,101	-
Inventories	44,423	-	44,423	35,280
Prepaid items	38,970	-	38,970	-
Total current assets	<u>13,569,532</u>	<u>764,975</u>	<u>14,334,507</u>	<u>2,990,411</u>
Noncurrent assets:				
Restricted investments:				
Customer deposits	300,997	-	300,997	-
Impact fee funds	719,049	-	719,049	-
Total restricted assets	<u>1,020,046</u>	<u>-</u>	<u>1,020,046</u>	<u>-</u>
Special assessments - noncurrent	170,763	-	170,763	-
Unamortized sewer capacity	14,034	-	14,034	-
Capital assets:				
Land	39,548	-	39,548	-
Buildings	472,000	-	472,000	-
Water/sewer system	22,734,363	-	22,734,363	-
Stormwater system	-	3,135,522	3,135,522	-
Intangible assets	102,200	-	102,200	-
Machinery and equipment	164,180	14,975	179,155	-
Vehicles	-	-	-	4,563,319
Construction in progress	30,600	-	30,600	-
Less accumulated depreciation	<u>(6,028,695)</u>	<u>(1,519,416)</u>	<u>(7,548,111)</u>	<u>(2,965,714)</u>
Total capital assets (net of accumulated depreciation)	<u>17,514,196</u>	<u>1,631,081</u>	<u>19,145,277</u>	<u>1,597,605</u>
Total noncurrent assets	<u>18,719,039</u>	<u>1,631,081</u>	<u>20,350,120</u>	<u>1,597,605</u>
Total assets	<u>\$ 32,288,571</u>	<u>\$ 2,396,056</u>	<u>\$ 34,684,627</u>	<u>\$ 4,588,016</u>

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

	Business Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water and Sewer Fund	Stormwater Utility Fund	Total	
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 189,921	\$ 2,686	\$ 192,607	\$ 7,709
Accrued liabilities	20,133	3,850	23,983	5,647
Due to other government	42,521	-	42,521	-
Compensated absences	5,710	1,108	6,818	2,220
Total current liabilities	<u>258,285</u>	<u>7,644</u>	<u>265,929</u>	<u>15,576</u>
Noncurrent liabilities:				
Liabilities payable from restricted assets:				
Customer deposits	300,997	-	300,997	-
Unearned revenue	68,203	-	68,203	-
Compensated absences	65,667	12,742	78,409	25,530
Other noncurrent liabilities	6,417	778	7,195	-
Total noncurrent liabilities	<u>441,284</u>	<u>13,520</u>	<u>454,804</u>	<u>25,530</u>
Total liabilities	<u>699,569</u>	<u>21,164</u>	<u>720,733</u>	<u>41,106</u>
NET ASSETS				
Net assets invested in capital assets	17,514,196	1,631,081	19,145,277	1,597,605
Restricted for capital improvement	719,049	-	719,049	-
Unrestricted	<u>13,355,757</u>	<u>743,811</u>	<u>14,099,568</u>	<u>2,949,305</u>
Total net assets	<u>\$ 31,589,002</u>	<u>\$ 2,374,892</u>	<u>\$ 33,963,894</u>	<u>\$ 4,546,910</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, 2011

	Business Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water and Sewer Fund	Stormwater Utility Fund	Totals	
Operating revenues:				
Charges for sales and services:				
Water sales	\$ 2,547,571	\$ -	\$ 2,547,571	\$ -
Sewer revenue	1,794,225	-	1,794,225	-
Stormwater fees	-	279,996	279,996	-
Other service charges	121,258	887	122,145	765,641
Total operating revenues	<u>4,463,054</u>	<u>280,883</u>	<u>4,743,937</u>	<u>765,641</u>
Operating expenses				
Costs of operations	2,746,354	218,069	2,964,423	253,149
Administration	230,167	-	230,167	-
Depreciation	544,545	185,538	730,083	439,711
Amortization	24,216	-	24,216	-
OPEB expense	1,078	154	1,232	-
Total operating expenses	<u>3,546,360</u>	<u>403,761</u>	<u>3,950,121</u>	<u>692,860</u>
Operating income (loss)	<u>916,694</u>	<u>(122,878)</u>	<u>793,816</u>	<u>72,781</u>
Nonoperating revenues (expenses):				
Investment income	118,181	11,415	129,596	26,069
Gain (loss) on sale of capital assets	954	-	954	39,970
Total nonoperating revenue (expense)	<u>119,135</u>	<u>11,415</u>	<u>130,550</u>	<u>66,039</u>
Income (loss) before contributions and transfers	<u>1,035,829</u>	<u>(111,463)</u>	<u>924,366</u>	<u>138,820</u>
Capital contributions - impact fees	84,968	-	84,968	-
Capital contributions - developers & others	-	-	-	-
Transfers out	(850,000)	-	(850,000)	-
Change in net assets	<u>270,797</u>	<u>(111,463)</u>	<u>159,334</u>	<u>138,820</u>
Total net assets - beginning	<u>31,318,205</u>	<u>2,486,355</u>	<u>33,804,560</u>	<u>4,408,090</u>
Total net assets - ending	<u>\$ 31,589,002</u>	<u>\$ 2,374,892</u>	<u>\$ 33,963,894</u>	<u>\$ 4,546,910</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, 2011

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer Fund	Stormwater Utility Fund	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 4,523,148	\$ 281,565	\$ 4,804,713	\$ -
Other operating cash receipts	121,258	887	122,145	-
Receipts from interfund services provided	-	-	-	765,641
Payments to suppliers	(2,210,876)	(86,812)	(2,297,688)	(60,219)
Payments to employees	(664,899)	(127,117)	(792,016)	(185,110)
Net cash provided by operating activities	<u>1,768,631</u>	<u>68,523</u>	<u>1,837,154</u>	<u>520,312</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	(850,000)	-	(850,000)	-
Net cash provided (used) by capital and related financing activities	<u>(850,000)</u>	<u>-</u>	<u>(850,000)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions - impact fees	84,968	-	84,968	-
Acquisition and construction of capital assets	(20,505)	-	(20,505)	(321,473)
Proceeds from sales of capital assets	954	-	954	39,970
Net cash provided (used) by capital and related financing activities	<u>65,417</u>	<u>-</u>	<u>65,417</u>	<u>(281,503)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales or maturities of investments	11,150,000	100,000	11,250,000	-
Purchases of investments	(10,000,000)	-	(10,000,000)	(250,000)
Interest and dividends received	205,496	12,383	217,879	42,589
Net cash provided (used) by investing activities	<u>1,355,496</u>	<u>112,383</u>	<u>1,467,879</u>	<u>(207,411)</u>
Net increase (decrease) in cash and cash equivalents	2,339,544	180,906	2,520,450	31,398
Cash and cash equivalents October 1	<u>1,077,094</u>	<u>106,395</u>	<u>1,183,489</u>	<u>585,150</u>
Cash and cash equivalents September 30	<u>\$ 3,416,638</u>	<u>\$ 287,301</u>	<u>\$ 3,703,939</u>	<u>\$ 616,548</u>

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

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer Fund	Stormwater Utility Fund	Totals	
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 916,694	\$ (122,878)	\$ 793,816	\$ 72,781
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	544,545	185,538	730,083	439,711
Amortization expense	24,216	-	24,216	-
(Increase) decrease in customer accounts receivable	(16,561)	155	(16,406)	-
(Increase) decrease in unbilled service charges	83,500	10	83,510	-
(Increase) decrease in special assessments	114,413	1,404	115,817	-
(Increase) decrease in inventory	13,494	-	13,494	1,887
(Increase) decrease in prepaid items	3,098	-	3,098	-
Increase (decrease) in customer deposits	6,100	-	6,100	-
Increase (decrease) in accounts payable	93,041	(378)	92,663	1,552
Increase (decrease) accrued expenses	2,489	278	2,767	696
Increase (decrease) in OPEB obligation	1,078	154	1,232	-
Increase (decrease) in compensated absences payable	11,897	4,240	16,137	3,685
Increase (decrease) in unearned revenue	(16,000)	-	(16,000)	-
Increase (decrease) in due to other government	(13,373)	-	(13,373)	-
Total adjustments	851,937	191,401	1,043,338	447,531
Net cash provided by operating activities	\$ 1,768,631	\$ 68,523	\$ 1,837,154	\$ 520,312

The Water and Sewer Fund had a non-cash loss in the fair value of investments of \$65,626; the Stormwater Fund had a non-cash gain in the fair value of investment of \$274; and the Internal Service Fund has a non-cash loss in the fair value of investments of \$11,898.

City of Lake Mary, Florida
Statement of Fiduciary Net Assets
Fiduciary Funds
As of September 30, 2011

	Total Employee Pension Funds
ASSETS	
Cash and cash equivalents	\$ 2,197,552
Receivables:	
Accounts receivable	-
Interest receivable	53,244
Notes receivable - employee	18,148
Contributions receivable - employer	-
Contributions receivable - state	-
Total receivables	71,392
Investments at fair value	
U.S. Government obligations	
Domestic corporate & Govt bonds	7,405,990
Domestic stocks	11,474,110
Other securities	1,204,074
Total investments	20,084,174
Prepaid expenses	36,615
Total assets	22,389,733
LIABILITIES	
Accounts payable	58,978
Total liabilities	58,978
NET ASSETS	
Held in trust for pension benefits	\$ 22,330,755

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, 2011

	<u>Total Employee Pension Funds</u>
ADDITIONS	
Contributions:	
Employer contributions	\$ 1,483,966
State contributions	293,056
Employee contributions	<u>313,836</u>
Total contributions	<u>2,090,858</u>
Investment earnings	
Interest	507,706
Net increase (decrease) in fair value of investments	<u>(794,288)</u>
Net investment earnings (loss)	<u>(286,582)</u>
Total additions	<u>1,804,276</u>
DEDUCTIONS	
Benefit payments	796,939
Refunds of contributions	39,439
Administrative expenses	<u>183,552</u>
Total deductions	<u>1,019,930</u>
Change in net assets	784,346
Net assets - beginning	<u>21,546,409</u>
Net assets - ending	<u><u>\$ 22,330,755</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, 2011

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, followed by committed, assigned and unassigned resources as they are needed.

Major Governmental Funds

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

The *Second Generation One Cent Sales Tax Fund* is a capital projects fund, funded solely by 2001 Local Infrastructure Sales Surtax and is restricted for transportation improvement projects only.

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, Recreation Impact Fees Fund, Police and Firefighter Premium Tax Trust Fund, Cemetery Fund, and American Reinvestment and Recovery Act (ARRA) grant funds.

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

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.

Major Proprietary Fund

The *Water and Sewer 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 \$520 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" or "advances to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities at the end of the fiscal year are reported in the government-wide financial statements as "internal balances." The long-term portion of advances between funds, as reported in the fund financial statements have been classified as non-spendable unless the funds associated with repayment of the advances are otherwise restricted for specific purposes.

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, 2011 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 \$44,245 at September 30, 2011.

4. Restricted Assets:

The use of certain assets may be restricted by specific provisions of bond covenants, state regulations, and/or agreements with various parties. General Fund restricted assets represent resources for customer deposits. Resources for customer deposits and impact fees within the Water and Sewer Fund are segregated and classified as restricted assets.

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 2011 is \$1,321,002 for governmental funds, \$26,561 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 2011.

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 and pension contribution. 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:

Long-term debt and other long-term obligations are reported as liabilities in the proprietary fund financial statements and in the applicable governmental or business-type activities column in the government-wide financial statements. Such obligations are recognized as a liability in the governmental funds financial statements only when due, or when resources have been accumulated in debt service funds for payment early in the following year. Debt issue costs are reported and amortized over the term of the related debt in the government-wide financial statements, and reported as debt service expenditures in governmental funds.

8. Net Assets / Fund Balances:

The fund government-wide and proprietary fund financial statements utilize a net asset presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted net assets and unrestricted net assets.

Invested in Capital Assets, Net of Related Debt – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance of this category.

Restricted Net Assets – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. At year end, governmental activities net assets restricted for other purposes was composed of amounts related to the capital improvements.

Unrestricted Net Assets – This category represents net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted."

In the governmental fund financial statements, financial reserves are now classified by components of fund balance per GASBS 54. Classifications of fund balance are established by City Commissioners and the senior management team and may be classified as committed or assigned. These tentative plans for expenditures can be increased, reduced or eliminated by similar actions. See "Note 16 – Implementation of New Accounting Statements" for additional information.

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 designates an amount equal to 25 percent of the current fiscal year expenditures of the General Fund as reserved fund balance and 25 percent of the current year expenditures of each Enterprise Fund, as reserved net assets. 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, 2011, the carrying amount of the City's deposits was \$8,506,227 and the bank balance was \$8,638,106.

The City's bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for each banking relationship. Remaining balances are collateralized pursuant to Chapter 280, Florida Statutes. Under this chapter all depositories holding public funds collateralize deposits in excess of FDIC insurance with the State Treasurer. In the event of default by a participating financial institution (a qualified public depository), all participating institutions are obligated to reimburse the governmental entity for the loss.

B. Investments:

As of September 30, 2011, the City had the following investments.

Investment Type	Fair Value	Weighted Average Maturity (years)
U.S. Agencies	\$ 20,507,308	4.54
Money Market Funds	5,688,926	n/a
Certificates of Deposit (CDARs)	3,500,019	0.50
Certificate of Deposit	73,544	n/a
Total Fair Value of Investments	<u>\$ 29,769,797</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, 2011. All agencies held by the City on September 30, 2011, are rated AA+ or higher 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, 2011, the City has satisfied all of the objectives and requirements laid out in the City's investment policy and held no investments that were not in compliance with policy.

City of Lake Mary Pension Funds had the following investments on September 30, 2011:

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	\$ 345,925	21.23	\$ 734,782	4.34	\$ -	n/a
U.S. Agencies & BAB's	707,616	23.26	863,038	17.63	-	n/a
Corporate Bonds	2,767,250	5.60	1,775,018	8.36	212,361 *	unk
Corporate Stocks	5,035,672	n/a	3,158,906	n/a	3,279,532	n/a
Other Securities	-	n/a	1,125,795	n/a	78,279	n/a
Total Investments	<u>8,856,463</u>		<u>7,657,539</u>		<u>3,570,172</u>	
Cash and Cash Equivalents	898,601	n/a	467,359	n/a	831,592 *	n/a
Total Cash and Investments	<u>\$9,755,064</u>		<u>\$8,124,898</u>		<u>\$4,401,764</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, 57% are rated by Moody's as A3 or better, less than 6% rated by Moodys as Baa1 to Baa3, and 38% unrated. Fire Pension investments are 43% rated by Moody's as A3 or better, 8% rated Baa1 to Baa3, with 49% 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, 2011, 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, 2011 were as follows:

	Accounts and Assessments Receivable	Allowance for Uncollectibles	Net Receivable
General Fund	\$ 963,089	\$ 124,462	\$ 838,627
Proprietary Funds	749,691	4,494	745,197
	<u>\$ 1,712,780</u>	<u>\$ 128,956</u>	<u>\$ 1,583,824</u>

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2011 was as follows:

Governmental Capital Asset Activity
For Year Ended September 30, 2011

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 7,983,003	\$ 177,644	\$ -	\$ 8,160,647
Land under infrastructure	2,325,322	229,438	-	2,554,760
Construction in progress	713,712	439,778	(167,840)	985,650
Total capital assets, not being depreciated	<u>11,022,037</u>	<u>846,860</u>	<u>(167,840)</u>	<u>11,701,057</u>
Capital assets, being depreciated:				
Buildings	23,626,858	229,322	-	23,856,180
Improvements other than bldg.	3,841,868	273,339	(58,319)	4,056,888
Intangible assets	112,676	14,395	-	127,071
Equipment	1,967,120	33,235	(16,586)	1,983,769
Infrastructure	21,222,407	131,611	-	21,354,018
Vehicles	4,540,241	331,316	(308,238)	4,563,319
Total capital assets, being depreciated:	<u>55,311,170</u>	<u>1,013,218</u>	<u>(383,143)</u>	<u>55,941,245</u>
Less accumulated depreciation for				
Buildings	(6,537,557)	(893,316)	-	(7,430,873)
Improvements other than buildings	(2,167,992)	(234,572)	58,319	(2,344,245)
Intangible assets	(64,173)	(16,699)	-	(80,872)
Equipment	(1,221,048)	(174,117)	16,586	(1,378,579)
Infrastructure	(8,196,936)	(452,110)	-	(8,649,046)
Vehicles	(2,824,398)	(439,711)	298,395	(2,965,714)
Total accumulated depreciation	<u>(21,012,104)</u>	<u>(2,210,525)</u>	<u>373,300</u>	<u>(22,849,329)</u>
Total capital assets, being depreciated, net	<u>34,299,066</u>	<u>(1,197,307)</u>	<u>(9,843)</u>	<u>33,091,916</u>
Governmental activities capital assets, net	<u>\$ 45,321,103</u>	<u>\$ (350,447)</u>	<u>\$ (177,682)</u>	<u>\$ 44,792,973</u>

Business-type Activities Capital Asset Activity
For Year Ended September 30, 2011

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 39,548	\$ -	\$ -	\$ 39,548
Construction in progress	60,604	30,600	(60,604)	30,600
Total capital assets, not being depreciated	<u>100,152</u>	<u>30,600</u>	<u>(60,604)</u>	<u>70,148</u>
Capital assets, being depreciated:				
Buildings	472,000	-	-	472,000
Water/sewer system	22,683,854	50,509	-	22,734,363
Stormwater system	3,309,887	-	(174,365)	3,135,522
Intangible Assets	88,020	14,180	-	102,200
Machinery and equipment	193,335	(14,180)	-	179,155
Total capital assets, being depreciated:	<u>26,747,096</u>	<u>50,509</u>	<u>(174,365)</u>	<u>26,623,240</u>
Less accumulated depreciation for				
Buildings	(283,200)	(11,800)	-	(295,000)
Water/sewer system	(4,985,818)	(506,582)	-	(5,492,400)
Stormwater system	(1,493,267)	(185,538)	174,365	(1,504,440)
Intangible Assets	(74,602)	(20,762)	-	(95,364)
Machinery and equipment	(155,506)	(5,401)	-	(160,907)
Total accumulated depreciation	<u>(6,992,393)</u>	<u>(730,083)</u>	<u>174,365</u>	<u>(7,548,111)</u>
Total capital assets, being depreciated, net	<u>19,754,703</u>	<u>(679,574)</u>	<u>-</u>	<u>19,075,129</u>
Business-type capital assets, net	<u>\$ 19,854,855</u>	<u>\$ (648,974)</u>	<u>\$ (60,604)</u>	<u>\$ 19,145,277</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 387,287
Public works	487,077
Police	194,984
Fire	203,895
Parks	494,222
Other physical environment	3,349
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>439,711</u>
Total depreciation expense	<u>\$ 2,210,525</u>

Depreciation expense was charged to business-type activities as follows:

Water/sewer system	\$ 544,545
Stormwater system	185,538
Total depreciation expense	<u>\$ 730,083</u>

NOTE 7 LEASES

A. Capital Leases:

On September 30, 2011, 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 \$24,510 for the year ended September 30, 2011. The future minimum lease payments for these leases are as follows:

Year Ending September 30,		
2012	\$	23,432
2013		14,951
2014		5,173
2015		2,973
Total Operating Leases	<u>\$</u>	<u>46,529</u>

NOTE 8 PUBLIC IMPROVEMENT REVENUE BONDS

A. Bonds Payable:

Bonds payable at September 30, 2011 are comprised of the following individual obligations:

Description	Interest Rate	Original Amount	Balance at September 30, 2011
Public Improvement Refunding Revenue Bond, Series 2003; due serially on September 1 of each year to September 1, 2013.	3.41%	\$ 7,305,000	\$ -
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 @ 4.24%; Series B @ 3.92%	\$ 7,105,000	<u>5,810,000</u>
Total Bonds Payable			<u>\$ 5,810,000</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. Public Improvement Refunding Revenue Bond, Series 2003 was paid in full in 2011, resulting in interest savings of \$66,495.

B. Summary Debt Service Requirements to Maturity:

Fiscal Year Ending Sept. 30,	Principal	Interest	Total Debt Service
2012	\$ 430,000	\$ 237,286	\$ 667,286
2013	450,000	218,559	668,559
2014	460,000	199,835	659,835
2015	485,000	180,392	665,392
2016	505,000	160,432	665,432
2017-2021	1,250,000	618,333	1,868,333
2022-2026	1,525,000	321,269	1,846,269
2027-2028	705,000	30,671	735,671
Totals	<u>\$ 5,810,000</u>	<u>\$ 1,966,777</u>	<u>\$ 7,776,777</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 May 2011, the City paid off the outstanding balance of this bond series to realize a net savings of \$66,495 in interest.

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 at an interest rate of 3.92 percent, 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, 2011, the following changes occurred in long term liabilities:

	Balance 09/30/2010	Reductions	Additions	Balance 09/30/2011	Balance Due within One Year
Governmental activities					
Public Improvement Refunding Revenue Bonds Series 2003	\$ 1,800,000	\$(1,800,000)	\$ -	\$ -	\$ -
Public Improvement Revenue Bonds Series 2007 A & B	6,220,000	(410,000)	-	5,810,000	430,000
Other post employment benefits	73,384	-	11,705	85,089	-
Compensated absences	1,047,160	(15,939)	277,471	1,308,692	2,220
Governmental activity Long -term liabilities	<u>\$ 9,140,544</u>	<u>\$(2,225,939)</u>	<u>\$ 289,176</u>	<u>\$ 7,203,781</u>	<u>\$ 432,220</u>
Business-type activities:					
Other post employment benefits	\$ 5,963	\$ -	\$ 1,232	\$ 7,195	\$ -
Compensated absences	69,090	-	16,137	85,227	6,818
Business-type activity long-term liabilities	<u>\$ 75,053</u>	<u>\$ -</u>	<u>\$ 16,137</u>	<u>\$ 92,422</u>	<u>\$ 6,818</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, \$27,750 of internal service fund compensated absences are included in the above amounts. For the governmental activities, claims and judgments, compensated absences, net pension obligation or net other post employment benefits (OPEB) 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, 2011. 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, 2011 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.
Debt Service Funds	2,517,255	Transfer from the General Fund to cover the retirement of Public Improvement Revenue Refunding Bonds Series 2003 as well as the debt service payments for Public Improvement Revenue Bond Series 2007 A& B.
Capital Projects Fund	400,000	Transfer from General Fund to provide for general capital improvement projects of the city.

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 \$105,270, 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 \$293,056 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, 2011, were determined as part of the actuarial valuation of the each plan as of October 1, 2009, 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, 2011 were as follows:

	<u>Pension Fund</u>	<u>Pension Fund</u>
Annual Required Contribution	\$ 557,456	\$ 563,380
Interest on Net Pension Obligation (NPO)	(1,019)	(5,339)
Adjustment to Annual Required Contribution	<u>1,570</u>	<u>7,363</u>
Annual Pension Cost	558,007	565,404
City and State Contributions Made	<u>(559,459)</u>	<u>(588,891)</u>
Increase/(Decrease) in NPO	(1,452)	(23,487)
NPO beginning of year	<u>(13,589)</u>	<u>(66,742)</u>
NPO end of year	<u>\$ (15,041)</u>	<u>\$ (90,229)</u>

Three Year Trend Information:

Police Officers' Pension Fund			
<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
September 30, 2011	\$ 558,007	100%	\$ (15,041)
September 30, 2010	468,141	100%	(13,589)
September 30, 2009	412,269	100%	(14,155)

Firefighters' Pension Fund			
<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
September 30, 2011	\$ 565,404	104%	\$ (90,229)
September 30, 2010	664,552	103%	(66,742)
September 30, 2009	696,248	102%	(48,653)

As of October 1, 2011, the most recent actuarial valuation date, the Police Officers' plan was 83.51% funded. The actuarial accrued liability for benefits was \$12,680,596, and the actuarial value of assets was \$10,589,742, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,090,854. The covered payroll (annual payroll of active employees covered by the plan) was \$2,187,492, and the ratio of the UAAL to the covered payroll was 95.58%.

As of October 1, 2011, the most recent actuarial valuation date, the Firefighters' plan was 81.0% funded. The actuarial accrued liability for benefits was \$10,855,895, and the actuarial value of assets was \$8,797,108, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,058,787. The covered payroll (annual payroll of active employees covered by the plan) was \$2,418,945, and the ratio of the UAAL to the covered payroll was 85.1%.

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, 2011 to be reserved for the police and firefighter pension funds are \$9,799,565 and \$8,111,278, respectively. Firefighter pension plan includes two members currently in the Deferred Retirement Option Plan (DROP) with a contribution balance as of September 30, 2011, of \$185,921.

Both plans use the level percentage of pay, closed amortization method. Police Officer's fund reports a 26 year amortization period remaining while Firefighters' report a 24 year amortization period remaining.

During the past year the actuarial experience for the police plan has been less favorable than expected on the basis of actuarial assumptions. The principal component of unfavorable experience was a -2.0% investment return that was less than the 7.5% assumption. Partially offsetting this loss was average increases in pensionable earnings that were 8.2% less than the assumed rate. Firefighters Pension plan experienced a net actuarial gain of \$35,475 which means that actual experience was more favorable than expected. Gains due to lower than expected salary increases, were partially offset by losses due to recognized investment return below the assumed rate of 8%. The net gain has decreased the required employer contribution by 0.17% of covered payroll.

	<u>POLICE</u>	<u>FIRE</u>
Eligibility	All active and future Police Officers.	All active and future Firefighters, full-time or volunteer, as defined by Ordinance 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.
NORMAL RETIREMENT		
Date	Earlier of: 1) the attainment of age 55 and 5 years of Credited Service, or 2) the completion of 20 years of service, regardless of age.	Earlier of: 1) the attainment of age 55 and 5 years of Credited Service, or 2) the 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.
EARLY RETIREMENT		
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.
DEFERRED RETIREMENT OPTION PLAN (DROP)		
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).
TERMINATION OF EMPLOYMENT		
Less than 5 years	Refund of Member Contributions.	Refund of Member Contributions plus 5% compound annual interest.
5 Years or more	Refund of Contributions or Vested Accrued benefit payable at Normal (unreduced) or Early (reduced) Retirement Date.	Refund of Contributions or Vested Accrued benefit payable at Normal (unreduced) or Early (reduced) Retirement Date.

	<u>POLICE</u>	<u>FIRE</u>
	DISABILITY BENEFIT	
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, or 2) the Actuarial Equivalent of the present value of the accrued pension.
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.
	DEATH BENEFIT	
Prior to Retirement Line of Duty	If vested, the spouse will receive the greater of 1) 10% of the Member's yearly compensation for life or 2) the monthly actuarial equivalent of the accrued normal or early retirement benefit. If there is no Spouse, then a dependent child can receive benefit until age 18.	Beneficiary will receive the greater of 1) 10% of the Member's yearly compensation or 2) the monthly actuarial equivalent of the accrued normal or early retirement Benefit. Benefit is paid for life, with 10 years certain.
Not-in-Line of Duty	If member was vested - Actuarial equivalent of accrued benefit. If the member is not vested, Refund of the Member's Accumulated Contributions.	If the Member was vested, one half of the Line of Duty Benefit, if the Member was not vested, Refund of the Member's Contributions plus 5% compound annual interest.
After Retirement	Optional forms that are actuarially equivalent to the normal form of benefit may be chosen with permission of the board.	Optional forms that are actuarially equivalent to the normal form of benefit may be chosen with permission of the board.
	CONTRIBUTIONS	
Plan Members	5.0% of Salary	5.0% of Salary
City	25.4% of Salary	18.69% of Salary
Annual Pension Cost	558,007	565,404
Contributions Made	691,416	588,891
	ACTUARIAL VALUATION:	
Frequency	Annual	Annual
Latest Date	10/1/2011	10/1/2011
Basis for Contribution	10/1/2010	10/1/2010
Actuarial Cost Method	Entry Age Normal	Entry Age Normal

	<u>POLICE</u>	<u>FIRE</u>
ACTUARIAL ASSUMPTIONS		
Mortality Rates	RP-2000 Mortality Table - Combined Healthy with no Projection.	RP-2000 Combined Healthy Participant 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	\$35,764 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	22	30
Non-vested	16	6
Service Retirees & Beneficiaries	11	4
Disability Retirees	1	2

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, 2011, payroll for the employees covered by this plan was \$4,122,219. Employer contributions required and made were \$412,222, with matching contributions of \$79,432. During FY 2011, the City was able to reallocate forfeited funds remaining in the plan to reduce its cash contribution by \$10,208. Voluntary employee contributions during the fiscal year were \$90,030. As of September 30, 2011, participation in the plan consisted of 96 active members. The outstanding employee loan amount at September 30, 2011 was \$18,148.

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, 2011**

	Police Pension Trust	Fire Pension Trust	General Employees Pension
ASSETS			
Cash and cash equivalents	\$ 898,601	\$ 467,359	\$ 831,592
Receivables:			
Interest receivable	35,213	18,031	-
Notes receivable - employee	-	-	18,148
Total receivables	<u>35,213</u>	<u>18,031</u>	<u>18,148</u>
Investments at fair value			
Domestic corporate & Govt bonds	3,820,791	3,372,838	212,361
Domestic stocks	5,035,672	3,158,906	3,279,532
Other securities	-	1,125,795	78,279
Total investments	<u>8,856,463</u>	<u>7,657,539</u>	<u>3,570,172</u>
Prepaid expenses	<u>26,521</u>	<u>10,094</u>	<u>-</u>
Total assets	<u>9,816,798</u>	<u>8,153,023</u>	<u>4,419,912</u>
LIABILITIES			
Accounts payable	<u>17,233</u>	<u>41,745</u>	<u>-</u>
Total liabilities	<u>17,233</u>	<u>41,745</u>	<u>-</u>
NET ASSETS			
Held in trust for pension benefits	<u>\$ 9,799,565</u>	<u>\$ 8,111,278</u>	<u>\$ 4,419,912</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, 2011

	Police Pension Trust	Fire Pension Trust	General Employees Pension
ADDITIONS			
Contributions:			
Employer contributions	\$ 559,459	\$ 427,792	\$ 496,715
State contributions	131,957	161,099	-
Employee contributions	110,130	113,676	90,030
Total contributions	<u>801,546</u>	<u>702,567</u>	<u>586,745</u>
Investment earnings			
Interest	272,931	234,775	-
Net increase (decrease) in fair value of investments	<u>(451,695)</u>	<u>(266,321)</u>	<u>(76,272)</u>
Net investment earnings (loss)	<u>(178,764)</u>	<u>(31,546)</u>	<u>(76,272)</u>
Total additions	<u>622,782</u>	<u>671,021</u>	<u>510,473</u>
DEDUCTIONS			
Benefit payments	440,585	183,648	172,706
Refunds of contributions	25,584	13,855	-
Administrative expenses	<u>110,688</u>	<u>71,733</u>	<u>1,131</u>
Total deductions	<u>576,857</u>	<u>269,236</u>	<u>173,837</u>
Change in net assets	45,925	401,785	336,636
Net assets - beginning	<u>9,753,640</u>	<u>7,709,493</u>	<u>4,083,276</u>
Net assets - ending	<u>\$ 9,799,565</u>	<u>\$ 8,111,278</u>	<u>\$ 4,419,912</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 three 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%.

The annual required contribution and Net OPEB Obligation for the fiscal year ended September 30, 2011 is as follows:

City of Lake Mary Retiree Continuation Insurance Plan

Annual Required contribution	\$ 25,256
Interest on net OPEB Obligation	2,276
Adjustment to annual required contribution	<u>(8,636)</u>
Annual OPEB Cost	<u>18,896</u>
Employer Contributions	<u>(5,959)</u>
Increase in Net OPEB Obligation	<u>12,937</u>
Net OPEB Obligation (beginning of year)	<u>79,347</u>
Net OPEB Obligation (end of year)	<u><u>\$ 92,284</u></u>

Three Year Trend Information:

**Schedule of Contributions from the Employer and Other Contributing Entities for
Lake Mary Retiree Continuation Insurance Plan**

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
September 30, 2011	\$ 18,896	0%	\$ 92,284
September 30, 2010	17,251	0%	79,347
September 30, 2009	22,090	0%	62,096

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
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 & 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> <u>Per Participant</u>	<u>Dental</u> <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 POLLUTION REMEDIATION OBLIGATIONS

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, 2011, the City believes that it has not experienced an obligating event as defined in this statement.

NOTE 16 IMPLEMENTATION OF NEW ACCOUNTING STATEMENTS

In Fiscal Year 2011, City of Lake Mary implemented GASB Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This standard promotes clarity and consistency to Fund Balance classifications and categories, making the statements more useful by clarifying the presentation of available resources.

Due to the implementation of GASB Statement 54, the components of the fund balances of governmental funds now reflect the classifications described below. Prior year amounts have been restated to reflect these new categories.

Non-Spendable Fund Balance – Amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact.

City of Lake Mary, Florida
Notes to the Financial Statements
September 30, 2011

Restricted Fund Balance – Amounts that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors (by debt covenants), grantors, contributors, or laws and regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Amounts that can be used only for the specific purposes determined by a formal action of the Commissioners, the City’s highest level of decision making authority, with formal action occurring prior to fiscal year end. Commitments may be changed or lifted only the Commissioners taking the same formal action (resolution) that imposed the constraint originally.

Assigned Fund Balance – Includes spendable fund balance amounts intended by management to be used for a specific purpose.

Unassigned Fund Balance – This is the residual classification for the general fund only. This classification represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance may also include negative balances for any governmental fund, except the General Fund, if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

At September 30, 2011, the City’s governmental fund balances were as follows:

Fund Balances	General Fund	2nd Generation One Cent Sales Tax	Other Governmental Funds	Total Governmental Funds
Non spendable:				
Inventory/prepays	\$ 3,973	\$ -	\$ -	\$ 3,973
Restricted for:				
Public works	-	-	51,682	51,682
Public safety	-	-	935,196	935,196
Parks and recreation	-	-	61,051	61,051
Other physical environment	-	-	183,842	183,842
Other capital projects	-	3,767,089	-	3,767,089
Committed to:				
Debt service	-	-	553,079	553,079
Other capital projects	-	-	1,843,032	1,843,032
Assigned to:				
Debt service	681,876	-	-	681,876
Subsequent year expenditures	599,794	-	-	599,794
Unassigned fund balance	13,780,540	-	-	13,780,540
Total fund balance	<u>\$ 15,066,183</u>	<u>\$ 3,767,089</u>	<u>\$ 3,627,882</u>	<u>\$ 22,461,154</u>

**CITY OF LAKE MARY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2011**

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)
10/1/2011	\$ 10,589,742	\$ 12,680,596	\$ 2,090,854	83.5%	\$ 2,187,492	95.6%
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%

**Plan changed from aggregate actuarial cost method

Schedule of Contributions from Employers and Other Contributing Entities

Fiscal Year Ending	Annual Required Contribution (ARC)	Actual Contribution	Percentage of ARC Contributed
September 30, 2011	\$ 689,413	\$ 694,416	100.3%
September 30, 2010	596,821	596,821	100.0%
September 30, 2009	565,126	565,126	100.0%
September 30, 2008	586,438	601,120	102.5%
September 30, 2007	523,261	523,261	100.0%

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)
10/1/2011	\$ 8,797,108	\$ 10,855,895	2,058,787	81.0%	2,418,945	85.1%
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%

**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>Actual Contribution</u>	<u>Percentage of ARC Contributed</u>
September 30, 2011	\$ 563,380	\$ 588,891	104.5%
September 30, 2010	662,704	682,641	103.0%
September 30, 2009	694,956	711,332	102.4%
September 30, 2008	591,599	647,041	109.4%
September 30, 2007	454,050	454,050	100.0%

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 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, 2011	\$ 12,937	0%	\$ 92,284
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



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Combining and Individual Fund 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.

LAKE MARY CEMETERY FUND - This fund is used to account for cemetery activities.

ARRC (American Reinvestment & Recovery Act) FUND - This fund is 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. This bond series was paid in full during Fiscal Year 2011.

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.

CAPITAL PROJECTS FUNDS

CAPITAL PROJECTS FUND - This fund is used to account for the acquisition or construction of capital facilities, equipment purchases, and general capital improvements, estimated to cost in excess of \$5,000.

**City of Lake Mary, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
As of September 30, 2011**

	Special Revenue						
	Police Education Fund	Police Impact Fees	Fire Impact Fees	Public Works Impact Fees	Recreation Impact Fees	Law Enforce- ment Trust	Cemetery Fund
ASSETS							
Cash and cash equivalents	\$ 36,553	\$ 95,105	\$ 41,741	\$ 11,023	\$ 21,196	\$ 29,247	\$ 183,837
Investments	90,412	301,731	145,044	40,604	39,791	195,621	-
Interest receivable	134	420	197	55	64	238	5
Intergovernmental receivable	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-
Total assets	<u>\$ 127,099</u>	<u>\$ 397,256</u>	<u>\$ 186,982</u>	<u>\$ 51,682</u>	<u>\$ 61,051</u>	<u>\$ 225,106</u>	<u>\$ 183,842</u>
LIABILITIES							
Accounts payable	-	-	-	-	-	1,247	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,247</u>	<u>-</u>
FUND BALANCES							
Restricted:	\$ 127,099	\$ 397,256	\$ 186,982	\$ 51,682	\$ 61,051	\$ 223,859	\$ 183,842
Committed:	-	-	-	-	-	-	-
Total fund balance	<u>127,099</u>	<u>397,256</u>	<u>186,982</u>	<u>51,682</u>	<u>61,051</u>	<u>223,859</u>	<u>183,842</u>
Total liabilities and fund balances	<u>\$ 127,099</u>	<u>\$ 397,256</u>	<u>\$ 186,982</u>	<u>\$ 51,682</u>	<u>\$ 61,051</u>	<u>\$ 225,106</u>	<u>\$ 183,842</u>

Special Revenue		Debt Service			Capital Projects	Total Nonmajor Governmental Funds
ARRC SEMI-1-W7-153	Total	PIRRB Series 2003	PIRB Series 2007 A & B	Total	Capital Project Fund	
\$ -	\$ 418,702	\$ -	\$ 553,079	\$ 553,079	\$ 516,646	\$ 1,488,427
-	813,203	-	-	-	1,118,636	1,931,839
-	1,113	-	-	-	1,381	2,494
-	-	-	-	-	232,888	232,888
-	-	-	-	-	5,000	5,000
<u>\$ -</u>	<u>\$ 1,233,018</u>	<u>\$ -</u>	<u>\$ 553,079</u>	<u>\$ 553,079</u>	<u>\$ 1,874,551</u>	<u>\$ 3,660,648</u>
-	1,247	-	-	-	31,519	32,766
<u>-</u>	<u>1,247</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,519</u>	<u>32,766</u>
\$ -	\$ 1,231,771	\$ -	\$ -	\$ -	\$ -	\$ 1,231,771
-	-	-	553,079	553,079	1,843,032	2,396,111
-	1,231,771	-	553,079	553,079	1,843,032	3,627,882
<u>\$ -</u>	<u>\$ 1,233,018</u>	<u>\$ -</u>	<u>\$ 553,079</u>	<u>\$ 553,079</u>	<u>\$ 1,874,551</u>	<u>\$ 3,660,648</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, 2011

	Special Revenue Funds						
	Police Education Fund	Police Impact Fees	Fire Impact Fees	Public Works Impact Fees	Rec- reation Impact Fees	Law Enforce- ment Trust	Police and Firefighter Premium Tax Trust
REVENUES							
Charges for Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Impact fees/assessments	-	2,467	3,260	459	1,412	-	-
Fines and forfeitures	9,220	-	-	-	-	21,944	-
Intergovernmental revenues	-	-	-	-	-	-	293,056
Investment income	1,632	3,985	578	(185)	(802)	2,030	-
Other	-	32,000	-	-	-	-	-
Total revenues	<u>10,852</u>	<u>38,452</u>	<u>3,838</u>	<u>274</u>	<u>610</u>	<u>23,974</u>	<u>293,056</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Public safety	12,853	-	1,070	-	-	58,858	293,056
Other physical environment	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and other fiscal charges	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	44,095	-
Other physical environment	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	75,877	-	-
Total expenditures	<u>12,853</u>	<u>-</u>	<u>1,070</u>	<u>-</u>	<u>75,877</u>	<u>102,953</u>	<u>293,056</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>(2,001)</u>	<u>38,452</u>	<u>2,768</u>	<u>274</u>	<u>(75,267)</u>	<u>(78,979)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(2,001)	38,452	2,768	274	(75,267)	(78,979)	-
Fund Balances - beginning	129,100	358,804	184,214	51,408	136,318	302,838	-
Fund Balances - end	<u>\$ 127,099</u>	<u>\$ 397,256</u>	<u>\$ 186,982</u>	<u>\$ 51,682</u>	<u>\$ 61,051</u>	<u>\$ 223,859</u>	<u>\$ -</u>

Special Revenue Funds			Debt Service			Capital Projects	Total Nonmajor Governmental Funds
Lake Mary Cemetery	ARRC-SEMI-1-W7-153	Total	PIRRB Series 2003	PIRB Series 2007 A & B	Total	General Projects	
\$ 4,000	\$ -	\$ 4,000	\$ -	\$ -	\$ -	\$ -	\$ 4,000
-	-	7,598	-	-	-	-	7,598
-	-	31,164	-	-	-	-	31,164
-	20,851	313,907	-	-	-	269,506	583,413
32	-	7,270	-	-	-	1,877	9,147
-	-	32,000	-	-	-	-	32,000
<u>4,032</u>	<u>20,851</u>	<u>395,939</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>271,383</u>	<u>667,322</u>
-	-	-	-	-	-	17,279	17,279
-	-	-	-	-	-	50,280	50,280
-	-	365,837	-	-	-	57,801	423,638
17,231	-	17,231	-	-	-	-	17,231
-	-	-	1,800,000	410,000	2,210,000	-	2,210,000
-	-	-	41,773	253,938	295,711	-	295,711
-	-	-	-	-	-	226,839	226,839
-	-	-	-	-	-	37,137	37,137
-	20,851	64,946	-	-	-	24,891	89,837
29,434	-	29,434	-	-	-	-	29,434
-	-	75,877	-	-	-	232,932	308,809
<u>46,665</u>	<u>20,851</u>	<u>553,325</u>	<u>1,841,773</u>	<u>663,938</u>	<u>2,505,711</u>	<u>647,159</u>	<u>3,706,195</u>
<u>(42,633)</u>	<u>-</u>	<u>(157,386)</u>	<u>(1,841,773)</u>	<u>(663,938)</u>	<u>(2,505,711)</u>	<u>(375,776)</u>	<u>(3,038,873)</u>
-	-	-	1,841,772	675,483	2,517,255	400,000	2,917,255
-	-	-	1,841,772	675,483	2,517,255	400,000	2,917,255
(42,633)	-	(157,386)	(1)	11,545	11,544	24,224	(121,618)
<u>226,475</u>	<u>-</u>	<u>1,389,157</u>	<u>1</u>	<u>541,534</u>	<u>541,535</u>	<u>1,818,808</u>	<u>3,749,500</u>
<u>\$ 183,842</u>	<u>\$ -</u>	<u>\$ 1,231,771</u>	<u>\$ -</u>	<u>\$ 553,079</u>	<u>\$ 553,079</u>	<u>\$ 1,843,032</u>	<u>\$ 3,627,882</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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 9,000	\$ 9,000	\$ 9,220	\$ 220
Investment income	950	950	1,632	682
Total revenues	<u>9,950</u>	<u>9,950</u>	<u>10,852</u>	<u>902</u>
EXPENDITURES				
Current:				
Public safety	16,800	16,800	12,853	3,947
Total expenditures	<u>16,800</u>	<u>16,800</u>	<u>12,853</u>	<u>3,947</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>(6,850)</u>	<u>(6,850)</u>	<u>(2,001)</u>	<u>4,849</u>
Fund balances at beginning of year	129,100	129,100	129,100	-
Fund balances at end of year	<u>\$ 122,250</u>	<u>\$ 122,250</u>	<u>\$ 127,099</u>	<u>\$ 4,849</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, 2011

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
	Amounts	Amounts	Amounts	
REVENUES				
Impact fees/assessments	\$ 190	\$ 190	\$ 2,467	\$ 2,277
Investment income	2,500	2,500	3,985	1,485
Miscellaneous revenue	-	-	32,000	32,000
Total revenues	<u>2,690</u>	<u>2,690</u>	<u>38,452</u>	<u>35,762</u>
EXPENDITURES				
Capital Outlay:				
Public safety	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>2,690</u>	<u>2,690</u>	<u>38,452</u>	<u>35,762</u>
Fund balances at beginning of year	<u>358,804</u>	<u>358,804</u>	<u>358,804</u>	<u>-</u>
Fund balances at end of year	<u>\$ 361,494</u>	<u>\$ 361,494</u>	<u>\$ 397,256</u>	<u>\$ 35,762</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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
	REVENUES			
Impact fees/assessments	\$ 200	\$ 200	\$ 3,260	\$ 3,060
Investment income	1,500	1,500	578	(922)
Total revenues	<u>1,700</u>	<u>1,700</u>	<u>3,838</u>	<u>2,138</u>
EXPENDITURES				
Capital Outlay:				
Public safety	1,979	1,979	1,070	909
Total expenditures	<u>1,979</u>	<u>1,979</u>	<u>1,070</u>	<u>909</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>(279)</u>	<u>(279)</u>	<u>2,768</u>	<u>3,047</u>
Fund balances at beginning of year	<u>184,214</u>	<u>184,214</u>	<u>184,214</u>	<u>-</u>
Fund balances at end of year	<u>\$ 183,935</u>	<u>\$ 183,935</u>	<u>\$ 186,982</u>	<u>\$ 3,047</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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
	REVENUES			
Impact fees/assessments	\$ 25	\$ 25	\$ 459	\$ 434
Investment income	450	450	(185)	(635)
Total revenues	<u>475</u>	<u>475</u>	<u>274</u>	<u>(201)</u>
EXPENDITURES				
Capital Outlay:				
Public works	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>475</u>	<u>475</u>	<u>274</u>	<u>(201)</u>
Fund balances at beginning of year	<u>51,408</u>	<u>51,408</u>	<u>51,408</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 51,883</u></u>	<u><u>\$ 51,883</u></u>	<u><u>\$ 51,682</u></u>	<u><u>\$ (201)</u></u>

City of Lake Mary, Florida
Recreation Impact Fees Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
	REVENUES			
Impact fees/assessments	\$ 335	\$ 335	\$ 1,412	\$ 1,077
Investment income	900	900	(802)	(1,702)
Total revenues	<u>1,235</u>	<u>1,235</u>	<u>610</u>	<u>(625)</u>
EXPENDITURES				
Capital Outlay:				
Parks and recreation	<u>10,000</u>	<u>76,000</u>	<u>75,877</u>	<u>123</u>
Total expenditures	<u>10,000</u>	<u>76,000</u>	<u>75,877</u>	<u>123</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>(8,765)</u>	<u>(74,765)</u>	<u>(75,267)</u>	<u>(502)</u>
Fund balances at beginning of year	<u>136,318</u>	<u>136,318</u>	<u>136,318</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 127,553</u></u>	<u><u>\$ 61,553</u></u>	<u><u>\$ 61,051</u></u>	<u><u>\$ (502)</u></u>

City of Lake Mary, Florida
Law Enforcement Trust Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ -	\$ 19,700	\$ 21,944	\$ 2,244
Investment income	1,500	2,500	2,030	(470)
Total revenues	1,500	22,200	23,974	1,774
EXPENDITURES				
Current:				
Public Safety	14,480	23,200	58,858	(35,658)
Capital:				
Public safety	-	82,090	44,095	37,995
Total expenditures	14,480	105,290	102,953	2,337
Excess (deficiencies) of revenues over (under) expenditures	(12,980)	(83,090)	(78,979)	4,111
Fund balances at beginning of year	302,838	302,838	302,838	-
Fund balances at end of year	\$ 289,858	\$ 219,748	\$ 223,859	\$ 4,111

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Cemetery Sales (Charges for Services)	\$ 20,000	\$ 2,500	\$ 4,000	\$ 1,500
Investment income	150	40	32	(8)
Miscellaneous Revenue	-	-	-	-
Total revenues	20,150	2,540	4,032	1,492
EXPENDITURES				
Current:				
Other physical environment	17,650	17,650	17,231	419
Capital Outlay:				
Other physical environment	-	30,000	29,434	566
Total expenditures	17,650	47,650	46,665	985
Excess (deficiencies) of revenues over (under) expenditures	2,500	(45,110)	(42,633)	2,477
OTHER FINANCING SOURCES (USES)				
Transfers in				
Total other financing sources and uses	-	-	-	-
Net change in fund balances	2,500	(45,110)	(42,633)	2,477
Fund balances at beginning of year	226,475	226,475	226,475	-
Fund balances at end of year	\$ 228,975	\$ 181,365	\$ 183,842	\$ 2,477

City of Lake Mary, Florida

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**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenue	\$ -	\$ 20,851	\$ 20,851	\$ -
Total revenues	<u>-</u>	<u>20,851</u>	<u>20,851</u>	<u>-</u>
EXPENDITURES				
Capital:				
Public Safety	-	20,851	20,851	-
Total expenditures	<u>-</u>	<u>20,851</u>	<u>20,851</u>	<u>-</u>
Excess (deficiencies) of revenues 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, 2011

	Police Pension Trust	Fire Pension Trust	General Employees Pension	Total Employee Pension Funds
ASSETS				
Cash and cash equivalents	\$ 898,601	\$ 467,359	\$ 831,592	\$ 2,197,552
Receivables:				
Interest receivable	35,213	18,031	-	53,244
Notes receivable - employee	-	-	18,148	18,148
Total receivables	<u>35,213</u>	<u>18,031</u>	<u>18,148</u>	<u>71,392</u>
Investments at fair value				
U.S. Government obligations		-	-	
Domestic corporate & Govt bonds	3,820,791	3,372,838	212,361	7,405,990
Domestic stocks	5,035,672	3,158,906	3,279,532	11,474,110
Other securities	-	1,125,795	78,279	1,204,074
Total investments	<u>8,856,463</u>	<u>7,657,539</u>	<u>3,570,172</u>	<u>20,084,174</u>
Prepaid expenses	<u>26,521</u>	<u>10,094</u>	<u>-</u>	<u>36,615</u>
Total assets	<u>9,816,798</u>	<u>8,153,023</u>	<u>4,419,912</u>	<u>22,389,733</u>
LIABILITIES				
Accounts payable	<u>17,233</u>	<u>41,745</u>	<u>-</u>	<u>58,978</u>
Total liabilities	<u>17,233</u>	<u>41,745</u>	<u>-</u>	<u>58,978</u>
NET ASSETS				
Held in trust for pension benefits	<u>\$ 9,799,565</u>	<u>\$ 8,111,278</u>	<u>\$ 4,419,912</u>	<u>\$ 22,330,755</u>

City of Lake Mary, Florida
Combining Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended September 30, 2011

	Police Pension Trust	Fire Pension Trust	General Employees Pension	Total Employee Pension Funds
ADDITIONS				
Contributions:				
Employer contributions	\$ 559,459	\$ 427,792	\$ 496,715	\$ 1,483,966
State contributions	131,957	161,099	-	293,056
Employee contributions	110,130	113,676	90,030	313,836
Total contributions	<u>801,546</u>	<u>702,567</u>	<u>586,745</u>	<u>2,090,858</u>
Investment earnings				
Interest	272,931	234,775	-	507,706
Net increase (decrease) in fair value of investments	<u>(451,695)</u>	<u>(266,321)</u>	<u>(76,272)</u>	<u>(794,288)</u>
Net investment earnings (loss)	<u>(178,764)</u>	<u>(31,546)</u>	<u>(76,272)</u>	<u>(286,582)</u>
Total additions	<u>622,782</u>	<u>671,021</u>	<u>510,473</u>	<u>1,804,276</u>
DEDUCTIONS				
Benefit payments	440,585	183,648	172,706	796,939
Refunds of contributions	25,584	13,855	-	39,439
Administrative expenses	110,688	71,733	1,131	183,552
Total deductions	<u>576,857</u>	<u>269,236</u>	<u>173,837</u>	<u>1,019,930</u>
Change in net assets	45,925	401,785	336,636	784,346
Net assets - beginning	<u>9,753,640</u>	<u>7,709,493</u>	<u>4,083,276</u>	<u>21,546,409</u>
Net assets - ending	<u>\$ 9,799,565</u>	<u>\$ 8,111,278</u>	<u>\$ 4,419,912</u>	<u>\$ 22,330,755</u>



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Statistical Section



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Statistical Section

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

Contents	Page
Financial Trends	88
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	98
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	103
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
There are no limitations placed upon the amount of debt the City of Lake Mary may issue by either the City Charter or the City's Code of Ordinances or by Florida Statutes.	
The City of Lake Mary has no general obligation bonds outstanding.	
Demographic and Economic Information	106
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	108
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	
Supplemental Information	114
These schedules contain trend data for pension funds, and building permit fees collection/expense schedule, which are 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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 11,735	\$ 8,061	\$ 10,960	\$ 18,759
Restricted	-	8,901	7,678	2,257
Unrestricted	<u>12,439</u>	<u>9,524</u>	<u>10,583</u>	<u>11,293</u>
Total governmental activities net assets	<u>\$ 24,174</u>	<u>\$ 26,486</u>	<u>\$ 29,221</u>	<u>\$ 32,309</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 13,534	\$ 14,044	\$ 14,983	\$ 15,551
Restricted	951	1,049	1,145	2,189
Unrestricted	<u>8,681</u>	<u>9,381</u>	<u>10,127</u>	<u>12,280</u>
Total business-type activities net assets	<u>\$ 23,166</u>	<u>\$ 24,474</u>	<u>\$ 26,255</u>	<u>\$ 30,020</u>
Primary government				
Invested in capital assets, net of related debt	\$ 25,269	\$ 22,105	\$ 25,943	\$ 34,310
Restricted	951	9,950	8,823	4,446
Unrestricted	<u>21,120</u>	<u>18,905</u>	<u>20,710</u>	<u>23,573</u>
Total primary government net assets	<u>\$ 47,340</u>	<u>\$ 50,960</u>	<u>\$ 55,476</u>	<u>\$ 62,329</u>

Note

** 2007 Recorded Infrastructure Assets

Fiscal Year					
<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 17,684	\$ 32,197	\$ 37,033	\$ 37,040	\$ 37,301	\$ 39,025
2,266	6,983	2,351	2,592	1,819	5,610
<u>14,156</u>	<u>12,730</u>	<u>13,884</u>	<u>16,397</u>	<u>18,802</u>	<u>18,540</u>
<u>\$ 34,106</u>	<u>\$ 51,910</u>	<u>\$ 53,268</u>	<u>\$ 56,029</u>	<u>\$ 57,922</u>	<u>\$ 63,175</u>
\$ 18,365	\$ 19,595	\$ 19,791	\$ 20,119	\$ 19,855	\$ 19,145
2,455	2,704	1,623	621	634	719
<u>10,942</u>	<u>10,564</u>	<u>11,800</u>	<u>12,855</u>	<u>13,316</u>	<u>14,100</u>
<u>\$ 31,762</u>	<u>\$ 32,863</u>	<u>\$ 33,214</u>	<u>\$ 33,595</u>	<u>\$ 33,805</u>	<u>\$ 33,964</u>
\$ 36,049	\$ 51,792	\$ 56,824	\$ 57,159	\$ 57,156	\$ 58,170
4,721	9,687	3,974	3,213	2,453	6,329
<u>25,098</u>	<u>23,294</u>	<u>25,733</u>	<u>29,252</u>	<u>32,118</u>	<u>32,640</u>
<u>\$ 65,868</u>	<u>\$ 84,773</u>	<u>\$ 86,531</u>	<u>\$ 89,624</u>	<u>\$ 91,727</u>	<u>\$ 97,139</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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities:										
General government	\$ 1,728	\$ 2,266	\$ 3,187	\$ 2,492	\$ 2,687	\$ 2,932	\$ 2,940	\$ 3,457	\$ 3,591	\$ 3,494
Public works	719	816	2,987	1,184	773	1,620	1,452	1,415	2,867	1,420
Public safety	6,193	6,546	7,402	8,082	9,725	10,537	10,724	10,146	9,605	9,982
Parks and recreation	1,231	2,190	1,598	1,747	1,857	2,020	2,514	2,563	2,449	2,453
Other physical environment	-	-	-	-	-	-	-	-	-	21
Interest & other fiscal charges on long-term debt	345	332	389	345	318	294	449	411	367	303
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>	<u>17,673</u>
Business-type activities:										
Water & Sewer	1,969	2,114	2,479	2,447	2,520	2,899	3,025	3,033	3,119	3,546
Stormwater	122	160	239	275	282	307	326	374	374	404
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>	<u>\$ 3,950</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 141	\$ 203	\$ 234	\$ 343	\$ 238	\$ 243	\$ 217	\$ 176	\$ 184	\$ 277
Public works	6	4	4	5	13	5	7	1	1	1
Public safety	955	1,176	1,128	1,320	1,948	1,255	1,647	1,248	1,194	1,334
Parks and recreation	227	219	209	213	319	207	316	607	651	678
Other physical environment	-	-	-	-	-	-	-	-	-	4
Operating grants and contributions	10	665	2,772	957	764	654	492	917	604	593
Capital grants and contributions	127	524	807	140	249	182	242	185	2,236	4,994
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>	<u>7,881</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	4,463
Stormwater	229	236	242	248	251	263	270	283	279	281
Capital grants and contributions	268	417	1,251	1,241	305	249	130	40	13	85
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>	<u>4,829</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>	<u>\$ 12,710</u>

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Net (expense)/revenue										
Governmental activities	\$ (8,750)	\$ (9,359)	\$ (10,409)	\$ (10,872)	\$ (11,829)	\$ (14,857)	\$ (15,158)	\$ (14,858)	\$ (14,009)	\$ (9,792)
Business-type activities	1,773	1,662	2,249	2,178	1,548	1,141	722	821	796	879
Total government net expense	<u>\$ (6,977)</u>	<u>\$ (7,697)</u>	<u>\$ (8,160)</u>	<u>\$ (8,694)</u>	<u>\$ (10,281)</u>	<u>\$ (13,716)</u>	<u>\$ (14,436)</u>	<u>\$ (14,037)</u>	<u>\$ (13,213)</u>	<u>\$ (8,913)</u>

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	\$ 6,471
Franchise and utility taxes	4,420	4,707	5,040	5,449	6,001	6,224	6,136	6,938	6,736	6,307
Unrestricted intergovernmental revenues	1,533	972	1,063	1,240	1,382	1,264	1,142	1,020	1,008	1,008
Unrestricted investment earnings	549	336	280	341	720	1,159	572	654	386	247
Miscellaneous revenues	52	69	81	241	173	158	168	135	196	16
Special Item - return of contribution	-	-	-	-	-	-	-	-	(600)	146
Transfers	475	550	625	655	655	725	785	905	850	850
Total governmental activities	<u>11,644</u>	<u>11,672</u>	<u>13,145</u>	<u>13,959</u>	<u>15,465</u>	<u>17,217</u>	<u>16,565</u>	<u>17,571</u>	<u>15,902</u>	<u>15,045</u>
Business-type activities:										
Investment earnings	361	195	157	271	573	685	414	464	254	129
Miscellaneous revenues	-	-	-	1,970	276	-	-	-	10	1
Transfers	(475)	(550)	(625)	(655)	(655)	(725)	(785)	(905)	(850)	(850)
Total business-type activities	<u>(114)</u>	<u>(355)</u>	<u>(468)</u>	<u>1,586</u>	<u>194</u>	<u>(40)</u>	<u>(371)</u>	<u>(441)</u>	<u>(586)</u>	<u>(720)</u>
Total government	<u>\$ 11,530</u>	<u>\$ 11,317</u>	<u>\$ 12,677</u>	<u>\$ 15,545</u>	<u>\$ 15,659</u>	<u>\$ 17,177</u>	<u>\$ 16,194</u>	<u>\$ 17,130</u>	<u>\$ 15,316</u>	<u>\$ 14,325</u>

Change in Net Assets

Governmental activities	\$ 2,894	\$ 2,313	\$ 2,736	\$ 3,087	\$ 3,636	\$ 2,360	\$ 1,407	\$ 2,713	\$ 1,893	\$ 5,253
Business-type activities	1,659	1,307	1,781	3,764	1,742	1,101	351	380	210	159
Total government	<u>\$ 4,553</u>	<u>\$ 3,620</u>	<u>\$ 4,517</u>	<u>\$ 6,851</u>	<u>\$ 5,378</u>	<u>\$ 3,461</u>	<u>\$ 1,758</u>	<u>\$ 3,093</u>	<u>\$ 2,103</u>	<u>\$ 5,412</u>

Note

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
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
2011	6,471	2,280	4,027	12,778

Taxes included in Unrestricted Intergovernmental Revenues

Fiscal Year	Sales Tax	State Revenue Sharing	Other	Total
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
2011	795	192	21	1,008



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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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General fund				
Nonspendable:				
Inventory	\$ 6	\$ 4	\$ 5	\$ 11
Assigned to:				
Debt service	1,633	1,299	1,150	1,255
Subsequent year expenditures	-	1,374	1,763	62
Unassigned:	<u>8,149</u>	<u>5,374</u>	<u>3,946</u>	<u>8,517</u>
Total general fund	<u>\$ 9,788</u>	<u>\$ 8,051</u>	<u>\$ 6,864</u>	<u>\$ 9,845</u>
All other governmental funds				
Restricted for:				
Public works	161	147	88	86
Public safety	940	932	976	759
Parks and recreation	127	119	87	59
Other physical environment	-	-	-	-
Other capital projects	-	-	-	-
Committed to:				
Debt service	130	98	138	41
Other capital projects	<u>1,285</u>	<u>8,901</u>	<u>7,678</u>	<u>2,256</u>
Total all other governmental funds	<u>\$ 2,643</u>	<u>\$ 10,197</u>	<u>\$ 8,967</u>	<u>\$ 3,201</u>

Fiscal Year					
<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 10	\$ 7	\$ 8	\$ 5	\$ 5	\$ 4
1,457	1,577	1,621	1,621	1,627	682
300	-	902	595	1,564	600
<u>10,629</u>	<u>8,933</u>	<u>9,039</u>	<u>11,154</u>	<u>11,950</u>	<u>13,780</u>
<u>\$ 12,396</u>	<u>\$ 10,517</u>	<u>\$ 11,570</u>	<u>\$ 13,375</u>	<u>\$ 15,146</u>	<u>\$ 15,066</u>
53	59	61	64	51	52
846	764	837	935	975	935
127	103	106	126	136	61
-	-	-	-	227	184
-	-	-	-	-	3,767
40	326	326	326	542	553
<u>2,266</u>	<u>6,984</u>	<u>2,351</u>	<u>2,593</u>	<u>1,819</u>	<u>1,843</u>
<u>\$ 3,332</u>	<u>\$ 8,236</u>	<u>\$ 3,681</u>	<u>\$ 4,044</u>	<u>\$ 3,750</u>	<u>\$ 7,395</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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Revenues				
Taxes				
Property	\$ 4,615	\$ 5,038	\$ 6,056	\$ 6,033
Franchise and utility taxes	4,420	4,707	5,073	5,449
Licenses and Permits	529	669	735	896
Intergovernmental	1,670	2,115	1,823	4,422
Charges for services	392	438	432	644
Impact fees/assessments	153	199	120	119
Fines and forfeitures	256	285	245	210
Investment earnings	529	328	267	317
Miscellaneous	51	126	152	156
Total revenues	<u>12,615</u>	<u>13,905</u>	<u>14,903</u>	<u>18,246</u>
Expenditures				
General government	1,569	2,201	2,252	2,118
Public works	676	816	2,958	1,121
Public safety	5,606	6,333	6,757	7,776
Parks and recreation	1,163	1,301	1,380	1,506
Other physical environment	-	-	-	-
Capital outlay	950	1,147	3,316	7,980
Debt service				
Principal	360	495	875	905
Interest	332	299	384	342
Other charges	28	23	-	-
Total expenditures	<u>10,684</u>	<u>12,615</u>	<u>17,922</u>	<u>21,748</u>
Excess of revenues over (under) expenditures	1,931	1,290	(3,019)	(3,502)
Other financing sources (uses)				
Transfers in	2,500	5,893	4,119	4,267
Transfers out	(2,047)	(5,365)	(3,516)	(3,635)
Refunding bonds issued	3,790	7,305	-	-
Payments to refunded bond escrow agent	(3,870)	(3,305)	-	-
Sale of capital assets	1	-	-	85
Total other financing sources (uses)	<u>374</u>	<u>4,528</u>	<u>603</u>	<u>717</u>
Net change in fund balances	<u>\$ 2,305</u>	<u>\$ 5,818</u>	<u>\$ (2,416)</u>	<u>\$ (2,785)</u>
Debt service as a percentage of noncapital expenditures	7.40%	7.12%	8.62%	9.06%

Fiscal Year						
<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	
\$ 6,534	\$ 7,687	\$ 7,762	\$ 7,919	\$ 7,326	\$ 6,471	
6,001	6,224	6,136	6,938	6,736	6,307	
1,386	787	1,153	706	625	688	
2,408	2,113	1,887	2,131	3,849	6,608	
654	648	718	1,047	1,232	1,441	
285	80	142	52	51	40	
179	182	163	217	121	112	
721	1,159	572	654	386	247	
174	158	168	135	196	162	
<u>18,342</u>	<u>19,038</u>	<u>18,701</u>	<u>19,799</u>	<u>20,522</u>	<u>22,076</u>	
2,318	2,554	2,573	3,067	3,208	3,048	
741	1,157	991	961	2,421	942	
9,397	10,221	10,468	9,951	9,452	9,531	
1,622	1,777	2,062	2,084	1,991	1,955	
-	-	-	-	-	17	
959	4,836	5,535	854	1,200	1,361	
940	780	915	1,215	1,261	2,210	
316	289	444	406	361	296	
-	57	-	-	-	-	
<u>16,293</u>	<u>21,671</u>	<u>22,988</u>	<u>18,538</u>	<u>19,894</u>	<u>19,360</u>	
2,049	(2,633)	(4,287)	1,261	628	2,716	
2,992	6,797	3,308	3,735	2,965	3,767	
(2,359)	(6,095)	(2,523)	(2,830)	(2,115)	(2,917)	
-	7,105	-	-	-	-	
-	(2,150)	-	-	-	-	
-	-	-	-	-	-	
<u>633</u>	<u>5,657</u>	<u>785</u>	<u>905</u>	<u>850</u>	<u>850</u>	
<u>\$ 2,682</u>	<u>\$ 3,024</u>	<u>\$ (3,502)</u>	<u>\$ 2,166</u>	<u>\$ 1,478</u>	<u>\$ 3,566</u>	
8.19%	6.69%	7.79%	9.17%	8.68%	13.92%	

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

Fiscal Year Ended September 30,	Real Property					
	Total Residential and Commercial Real Property	Residential Property	% Residential	Commercial Property	% Commercial	Personal Property
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
2011	1,563,881	766,267	49.00%	797,614	51.00%	267,831

Source: Seminole County Property Appraiser's Office

<u>Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
\$ 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%
329,192	1,832,249	3.6355	2,244,335	81.64%

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

Fiscal Year	City of Lake Mary Operating Millage ³	Overlapping Rates							Total Direct & Overlapping Rates
		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		
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
2011	3.6355	4.8751	0.1700	5.0451	7.8010	0.0000	7.8010	0.4158	16.8974

Source: Seminole County Tax Collectors Office

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

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

³ Lake Mary's direct rate is for operating millage. There is no debt service millage.

City of Lake Mary, Florida
Principal Property Taxpayers
September 30, 2011
(amounts expressed in thousands)

Taxpayer	2011			2002		
	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)	\$ 60,816	1	3.32%	-		-
Sun Life Assurance Co of Canada (formerly a part of Crescent Resources, Inc.)	38,206	2	2.09%	-		-
A T & T Mobility LLC	32,289	3	1.76%	\$ 16,657	10	1.31%
DRA CRT Lake Mary Center LLC	26,335	4	1.44%	-		-
Nextel South Corp	23,208	5	1.27%	48,085	2	3.77%
Heathrow Hotel Owners LLC (Marriott Hotel)	22,055	6	1.20%	-		-
Golfview Apartments, LLC	18,253	7	1.00%	19,544	9	1.53%
Wachovia Trust Co Trustee	18,017	8	0.98%	-		-
North Point LP	17,559	9	0.96%	-		-
Central Florida Educators	17,420	10	0.95%	-		-
Colonial Realty, LP	-		-	54,789	1	4.30%
Crescent Resources, Inc	-		-	47,244	3	3.70%
Koger Equity Inc	-		-	30,308	4	2.38%
Recoton Corp	-		-	25,915	5	2.03%
Siemens Stromberg-Carlson	-		-	23,586	6	1.85%
Weeks Realty LP	-		-	21,588	7	1.69%
California State Teachers Retirement	-		-	20,473	8	1.61%
Totals	\$ 274,158		14.96%	\$ 308,189		24.16%

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

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

Fiscal Year Ended September 30,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%	46	7,306	96.38%
2011	6,693	6,424	95.98%	-	6,424	95.98%

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

Fiscal Year Ended September 30,	Governmental Activities		Total Primary Government	Percentage of Personal Income ²	Per Capita
	Refunding Revenue Bonds ³	Revenue Bonds			
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
2011	5,810	-	5,810	1.14%	419

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, 2011
(amounts expressed in thousands)

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ¹</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping Debt:			
Seminole County General Obligation Debt	\$ 8,490	7.23%	\$ 614
Subtotal, overlapping debt			
Direct Debt:			
City of Lake Mary General Obligation Debt ²	-	100%	-
Total direct and overlapping debt	<u>\$ 8,490</u>		<u>\$ 614</u>

Sources:

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

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

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

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

General Government							
Fiscal Year Ended Sept 30,	Public Service Taxes	Half-Cent Sales Tax	Electric Franchise Fees	Total Revenue Available for Debt Service	Maximum Annual Debt Service	Coverage	Coverage without Franchise Fees
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
2011	4,027,150	795,364	1,869,650	6,692,164	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 ¹</u>	<u>Personal Income (amounts expressed in thousands)</u>	<u>Per Capita Personal Income ¹</u>	<u>Median Age ¹</u>	<u>Education Level in Years of Formal Schooling ¹</u>	<u>School Enrollment ³</u>	<u>Unemployment Rate ⁴</u>
2002	12,964	*	*	*	*	771	5.0%
2003 ²	13,163	404,696	30,745 ²	38.2 ²	13.95	1,444	4.5%
2004	13,792	440,241	31,920	38.6	13.93	1,354	4.3%
2005	13,922	417,702	30,003	39.1	13.51	1,314	3.5%
2006	14,020	448,472	31,988	39.6	14.18	1,853	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%
2011	13,868	*	*	*	*	2,352	10.2%

* 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	2011 ¹			2002 ²		
	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%	*	*	*
Total	6,472		18.49%			

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	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government	24	24	23	25	26	27	29	29	28	28
Public Safety:										
Police										
Sworn Officers	31	35	35	36	36	39	42	42	41	41
Non sworn officers	1	1	1	1	1	1	1	1	2	2
Civilians ¹	12	16	17	15	16	18	15	15	13	13
Fire										
Firefighters and officers	21	20	20	29	38	38	38	38	38	38
Building & Life Safety ^{2 4 5}	16	17	17	17	17	18	16	14	10	10
Civilians ³	1	1	1	1	1	2	2	2	2	2
Public Works	18	17	19	19	19	20	20	18	18	18
Parks and Recreation	18	14	17	18	22	25	24	27	25	25
Total	142	145	150	161	176	188	187	186	177	177

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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Police				
Auto Accidents	1,032	1,035	1,087	1,030
Physical arrests	345	490	515	531
Criminal Investigations Conducted	449	528	304	756
Total Calls for Service	28,644	30,392	31,784	31,122
911 Calls Received	4,331	5,407	4,904	5,076
Evidence Processed (pieces)	898	1,186	1,712	1,522
Fire & Life Safety				
Public Education Programs	111	274	155	98
Number of emergency calls answered	2,815	2,923	3,175	3,463
Medical Transports	953	1,043	1,070	1,217
Highways and streets				
Streets paved (miles)	2.0	0.9	3.9	1.7
Streets resurfaced (tons/asphalt)	72.0	45.0	51.3	49.5
Sidewalks/bike paths built or repaired (feet)	802	2,306	2,048	1,679
Culture and recreation				
Sports Complex ball games & field rentals	1,339	1,441	1,342	1,430
Tennis membership	125	110	120	126
Events Center rental	**	**	**	**
Water				
New connections	170	125	104	48
Number of customers	4,465	4,645	4,736	4,783
Water main breaks	75	57	85	78
Average daily consumption (millions of gallons)	3.58	3.14	3.62	3.78
Meter reads	56,425	55,143	55,982	57,082
General Government				
Total Permits Issued	3,283	3,022	2,309	2,417
Construction inspections	7,384	7,627	7,816	7,833
Employment applications received	506	774	737	749
Personnel actions processed	400	473	457	485
Legal Notices published	91	119	106	96
Business Tax Receipts issued	829	1,188	1,359	1,565
Accidents & Injuries reviewed	104	52	60	66
Land Use amendments & rezonings	10	22	23	21
License/Permit Reviews	461	958	1,046	1,112
Employee paychecks issued	3,773	3,916	3,940	4,540
Checks deposited	50,598	51,377	51,592	47,095
A/P Checks issued	3,595	3,916	3,763	4,039
Purchase orders/EPO's processed	1,563	1,673	1,629	1,890
Purchasing Card Transactions	**	**	**	**

Source: City of Lake Mary Departmental Monthly Reports

Notes

** Service was not available

Fiscal Year						
<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	
907	768	598	783	823	751	
486	446	501	374	452	565	
770	624	685	740	483	473	
38,654	52,381	62,864	62,762	55,947	62,681	
5,408	6,296	5,973	5,176	4,257	4,336	
1,614	2,229	1,494	1,446	1,592	1,738	
100	161	201	226	195	136	
3,829	3,950	3,128	3,308	3,917	3,709	
1,260	1,331	1,062	1,323	1,363	1,604	
0.8	9.5	6.7	2.3	4.2	2.0	
62.8	66.7	59.6	51.1	46.3	43.0	
1,674	1,924	1,898	1,587	1,558	910	
1,417	1,029	953	935	884	898	
134	144	148	156	156	161	
**	**	240	467	368	271	
134	123	96	40	50	34	
4,884	4,991	5,031	5,028	5,053	5,080	
64	60	75	58	56	76	
3.88	3.81	3.22	3.01	2.89	3.26	
57,913	59,497	60,301	60,444	60,757	61,091	
3,556	2,056	1,661	1,177	1,313	1,318	
9,532	6,191	5,941	4,341	3,680	4,110	
640	1,308	1,274	479	790	722	
546	567	611	522	498	200	
80	87	118	70	78	72	
1,898	1,843	2,255	1,839	1,848	1,524	
70	53	61	70	70	67	
29	28	12	11	48	33	
1,707	1,160	992	610	455	497	
4,526	4,804	4,919	5,210	5,052	5,095	
46,815	43,907	42,175	38,040	38,665	37,908	
2,938	2,767	2,939	2,620	2,323	2,396	
1,081	833	603	614	446	443	
2,249	2,552	2,418	2,592	2,436	2,402	

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

Function	Fiscal Year			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Public safety				
Police:				
Stations	1	1	1	1
Patrol units	34	36	37	39
Fire stations	1	1	1	1
Highways and streets				
Streets - paved (miles)	47.23	47.23	50.38	50.38
Streets - unpaved (miles)	3.42	3.42	3.42	3.42
Street lights	*	893	962	965
Traffic Signals	8	8	8	10
Culture and recreation				
Park acreage	39	39	39	39
Parks	8	8	8	8
Tennis courts	9	9	9	9
Community centers	1	1	1	2
Historical Museum	1	1	1	1
Water				
Water mains (miles)	101.0	101.0	102.6	103.0
Fire hydrants	595	595	612	716
Maximum daily capacity (millions of gallons)	12.96	12.96	12.96	12.96
Sewer				
Sanitary sewers (miles)	21.30	28.30	30.00	30.00
Storm sewers (miles)	*	36.62	37.29	46.00

Source: City of Lake Mary Departmental Monthly Reports

Notes

* Information not available

Fiscal Year						
<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	
1	1	1	1	1	1	1
39	41	41	41	42	42	42
2	2	2	2	2	2	2
54.10	55.79	55.79	55.79	55.79	55.79	55.79
2.67	2.46	2.46	2.46	2.46	2.46	2.46
934	948	981	1,074	1,074	1,074	1,074
10	12	12	12	12	12	12
39	39	39	39	39	39	39
8	9	9	9	9	9	9
9	9	9	9	9	9	9
2	2	2	2	2	2	2
1	1	1	1	1	1	1
103.0	103.0	104.0	104.0	104.0	104.0	104.0
716	716	719	720	726	726	726
12.96	12.96	12.96	12.96	12.96	12.96	12.96
31.40	31.40	31.72	32.38	32.38	32.40	32.40
53.00	53.00	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 as a Percent of Payroll (1)
	Investment Income Net	Contributions	Benefits	Refunds	Investment Related Expenses	Admin. Expenses	
2002	\$ (325,389)	\$ 246,074	\$ 52,079	\$ 8,760	\$ 28,156.00	\$ 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%
2011	(178,764)	801,546	440,585	25,584	74,924	35,764	25.4%

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	
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%
2011	(31,546)	702,567	183,648	13,855	36,255	35,478	18.5%

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

City of Lake Mary
Schedule of Building Revenues by Source and Expense by Type
Building Department
Last Ten Fiscal Years

	Fiscal Year			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Revenues				
Permit Fees				
Building Permits	\$ 272,495	\$ 440,385	\$ 481,229	\$ 480,349
Electrical Permits	23,137	26,581	29,942	24,825
Plumbing Permits	17,987	15,080	15,347	9,375
Mechanical Permits	22,878	18,626	21,026	23,816
Misc Building Fees	44,026	50,066	51,838	59,746
Total revenues	<u>380,523</u>	<u>550,738</u>	<u>599,382</u>	<u>598,111</u>
Expenditures				
Building Salaries & Benefits	573,714	641,078	638,610	600,314
Operating Expenditures	167,498	122,796	104,920	123,554
Capital Expenditures	-	-	-	-
Allocation of Debt Service: (23%)	-	117,909	218,884	216,812
Total expenditures	<u>741,212</u>	<u>881,783</u>	<u>962,414</u>	<u>940,680</u>
Excess of revenues over (under) expenditures	<u>\$ (360,689)</u>	<u>\$ (331,045)</u>	<u>\$ (363,032)</u>	<u>\$ (342,569)</u>

This reconciliation is prepared as a management tool to verify compliance with FS 553.80 (7).

Fiscal Year					
<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 993,544	\$ 471,653	\$ 825,653	\$ 391,999	\$ 360,184	\$ 382,042
49,686	41,845	51,577	31,777	23,460	31,702
33,096	9,777	23,771	12,894	14,432	12,861
31,823	23,632	43,339	31,047	22,539	23,054
47,292	24,529	15,172	59,383	33,540	19,659
<u>1,155,441</u>	<u>571,436</u>	<u>959,512</u>	<u>527,100</u>	<u>454,155</u>	<u>469,318</u>
594,904	589,448	549,519	528,632	575,531	464,531
162,779	127,786	122,357	77,096	65,788	65,938
43,645	31,050	-	-	-	-
218,185	219,233	218,897	219,501	219,852	423,608
<u>1,019,513</u>	<u>967,517</u>	<u>890,773</u>	<u>825,229</u>	<u>861,171</u>	<u>954,077</u>
<u>\$ 135,928</u>	<u>\$ (396,081)</u>	<u>\$ 68,739</u>	<u>\$ (298,129)</u>	<u>\$ (407,016)</u>	<u>\$ (484,759)</u>



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Other Reports



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

Honorable Mayor and City Commission
City of Lake Mary, Florida

We have audited the financial statements of the *City of Lake Mary, Florida* (the City) as of and for the year ended September 30, 2011, and have issued our report thereon dated February 6, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A 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 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*.

MCDIRMIT DAVIS & COMPANY, LLC

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

McDermitt Davis & Company, LLC

February 6, 2012

MANAGEMENT LETTER

Honorable Mayor and City Commission
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, 2011, and have issued our report thereon dated February 6, 2012.

We conducted our audit in accordance with United States generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated February 6, 2012, 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. This letter includes the following information, which is not included in the aforementioned auditor's report.

- 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 recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements or abuse that have occurred, or are likely to have occurred, 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, provides that the auditor may, based on professional judgement, report the following matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. 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, 2011, 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, 2011. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City of Lake Mary'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.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of 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 6, 2012

Honorable Mayor and City Commission
City of Lake Mary, Florida

We have audited the 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") for the year ended September 30, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, 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 June 3, 2011. 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. As described in Note 1 to the financial statements, the City changed accounting policy related to fund balances by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 54. 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.

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 6, 2012.

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.

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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 6, 2012