

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
of the  
CITY OF LAKE MARY  
FLORIDA  
FISCAL YEAR ENDED  
September 30, 2012**



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, 2012**  
**TABLE OF CONTENTS**

Introductory Section

Letter of Transmittal .....	1
Certificate of Achievement .....	5
Organizational Chart .....	6
Principal City Officials .....	7

Financial Section

Report of the Independent Certified Public Accountants.....	11
Management's Discussion and Analysis (MD&A) .....	13
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets .....	25
Statement of Activities .....	26
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	27
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets.....	28
Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Fund Types.....	29
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds To the Statement of Activities .....	30
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund.....	31
Statement of Net Assets – Proprietary Funds .....	32
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds .....	35
Statement of Cash Flows – Proprietary Fund .....	36
Statement of Fiduciary Net Assets – Fiduciary Funds.....	38
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds.....	39
Notes to the Financial Statements .....	40
Required Supplementary Information .....	63
Combining and Individual Fund Statements and Schedules	
Nonmajor Governmental Funds:	
Combining Balance Sheet – Nonmajor Governmental Funds.....	66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	68
Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	
Police Education Fund .....	70
Police Impact Fees.....	71
Fire Impact Fees .....	72
Public Works Impact Fees.....	73
Recreation Impact Fees .....	74

Law Enforcement Trust .....	75
Cemetery Fund .....	76

Internal Service Funds	
Combining Statement of Net Assets .....	78
Combining Statement of Revenues, Expenses and Changes in Net Assets .....	79
Combining Statement of Cash Flows .....	80
Fiduciary Funds	
Combining Statement of Fiduciary Net Assets .....	84
Combining Statement of Changes in Fiduciary Net Assets .....	85

Statistical Section

Financial Trends	
Net Assets by Component .....	88
Changes in Net Assets .....	90
Governmental Activities Tax Revenues by Source .....	92
Fund Balances of Governmental Funds .....	94
Changes in Fund Balances of Governmental Funds .....	96
Revenue Capacity	
Assessed Value and Estimated Actual Value of Taxable Property .....	98
Property Tax Rates – Direct and Overlapping Governments .....	100
Principal Property Taxpayers .....	101
Property Tax Levies and Collections .....	102
Debt Capacity	
Ratios of Outstanding Debt by Type .....	103
Direct and Overlapping Governmental Activities Debt .....	104
Pledged-Revenue Coverage .....	105
Demographic and Economic Information	
Demographic and Economic Statistics .....	106
Principal Employers .....	107
Operating Information	
Full-Time Equivalent City Government Employees by Function .....	108
Operating Indicators by Function .....	110
Capital Asset Statistics by Function .....	112
Supplementary Information	
Schedule of Revenues by Source and Expense by Type	
Police Officers Pension Fund .....	114
Firefighters Pension Fund .....	115
Building Department .....	116

Other Reports

Report on Internal Control over Financial Reporting and on Compliance and Other Matters	
Based on an Audit of Financial Statements Performed in	
Accordance with Government Auditing Standards .....	119
Management Letter .....	121
Communication with Those Charged with Governance .....	123

# *City of Lake Mary*

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**Jacqueline B. Sova**  
City Manager

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March 21, 2013

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, 2012. 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 of internal control should not exceed anticipated 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, 2012, 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 ("clean") opinion that the City's financial statements for the fiscal year ended September 30, 2012, 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 follows the independent auditor's report, 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 13,937. 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 stormwater utility systems.

The annual budget serves as the foundation for the City of Lake Mary's financial planning and control. Department Directors are required to submit their budget requests to the City Manager who, in coordination with the Finance Department, uses them as the starting point in developing a proposed budget. The City Manager is required by the City Charter to present the proposed budget to the City Commission prior to August 1<sup>st</sup> of each year. The City Commission must hold public hearings on the proposed budget and adopt a final budget by September 30<sup>th</sup> which is prior to the close of the City's fiscal year. The appropriated budget is prepared by fund and program. The City Manager may make transfers between programs within the same fund. Any other budget transfers or amendments must be adopted by a budget resolution of the City Commission. The budget may be amended up until 60 days after the end of the fiscal year. 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. The City's financial plan may be obtained from the City's website ([www.lakemaryfl.com](http://www.lakemaryfl.com)).

### **Local economy**

The City of Lake Mary's economic environment appears to be stabilizing as 2012 property values dropped only .76% from the previous year. Our population increased .05% this year. Per capita income is up 13.69% this year and the unemployment rate has decreased from 10.2% to 8.4%. Even better news is that collections of licenses and permit revenue were up 60% while impact fee and assessment revenue were up 513% which may support signs of economic recovery. The Fiscal Year 2013 Adopted Budget reflects the City's continued investment in the Downtown core area and the growth of the community as a whole.

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. 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.

### **Long-term financial planning**

The City continues its commitment toward continued conservative financial planning. Our long-standing policy has been to prepare the annual budget with a five-year plan encompassing all categories of revenue generation and expenditures including personnel, operating and capital costs.

Management's goals include stabilizing tax rates. For the fifth 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 retention and recruiting purposes, the success of which is documented by an extremely low turnover rate in all departments.

The City of Lake Mary continues to utilize the “pay-as-you-go” philosophy incurring no new debt to finance its major initiatives. In fact the City has been diligently paying down outstanding debt with the goal of becoming debt free. At September 30, 2012, principal debt obligations total \$5,325,000.

### **Relevant financial policies**

As stated above, the annual budget 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 FY2012, 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 the redevelopment of our downtown which we all see as a future economic engine for our city. SunRail is now full speed ahead with a planned stop in Lake Mary beginning in 2014. We are working on ways to insure the corresponding station, as well as the rest of the downtown, become not just a stop, but a destination. 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 scheduled to be sold for a 200 unit luxury apartment complex

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 as 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.

Current initiatives include:

- The 4<sup>th</sup> Street and Seminole Avenue Infrastructure Improvement Project which will provide 101 parking spaces along with road and stormwater improvements.
- Development activities near the SunRail station include planning for a much improved Palmetto Street to include a gateway feature at Lake Mary Boulevard and traffic calming features such as a roundabout and enhancements to the intersection with Old Lake Mary Road.
- Improvements in appearance and functionality at the Crystal Lake Avenue and Wilbur Avenue intersections with Country Club Road.
- The purchase of a new Community Center in the downtown area. The center is intended to replace and/or enhance the opportunities for gathering not appropriate for the Events Center. The funding for this facility is in partnership with the fundraising efforts of the Trailblazers.

## **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, 2011. This was the twentieth 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, 2011

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.



*Christophe P. Morinell*

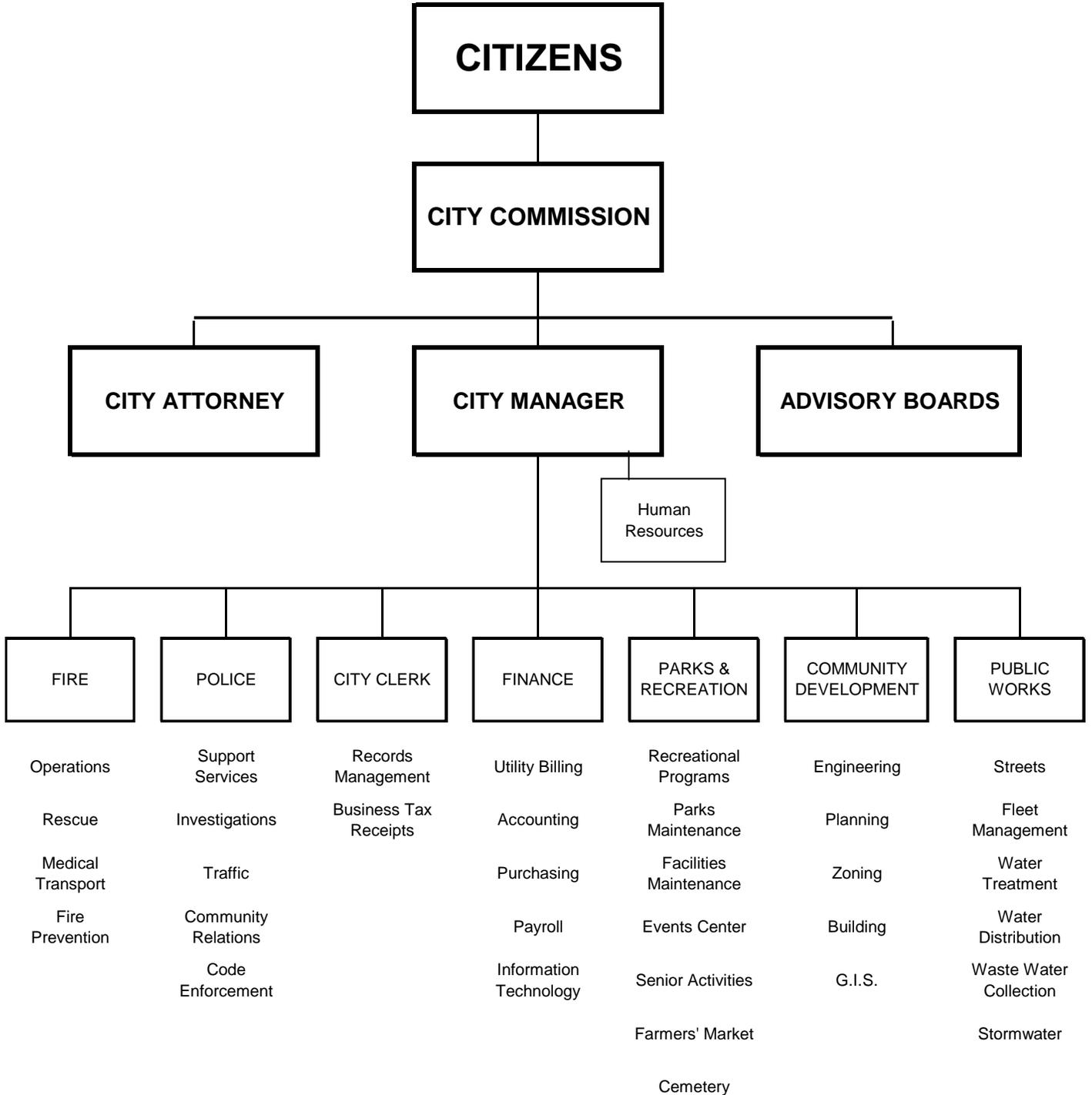
President

*Jeffrey R. Emer*

Executive Director

# CITY OF LAKE MARY, FLORIDA

## ORGANIZATIONAL CHART



**CITY OF LAKE MARY, FLORIDA  
PRINCIPAL CITY OFFICIALS  
SEPTEMBER 30, 2012**

**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



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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, 2012, 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, 2012, 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 March 11, 2013, 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 considered in assessing the results of our audit.

MCDIRMIT DAVIS & COMPANY, LLC

605 E. ROBINSON STREET, SUITE 635 ORLANDO, FLORIDA 32801  
TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: INFO@MCDIRMITDAVIS.COM

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and other postemployment benefit information on pages 13 through 22 and 63 through 64, 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.

*McDiernit Davis & Company, LLC*

March 11, 2013

**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2012**

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, 2012. 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 1-4 of this report.

**Financial Highlights**

- The assets of the City of Lake Mary exceeded its liabilities at September 30, 2012 by \$97,390,185 (net assets). Of this amount, \$34,687,759 (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 \$251,060 (or .26%) due to capital asset activity during the year. Governmental total net assets increased by \$4,366 (or .007%) while business-type activities increased by \$246,694 (or 0.73%).
- As of the close of the current fiscal year, the City of Lake Mary's governmental funds reported combined ending fund balances of \$20,360,257, a decrease of \$2,100,897 in comparison with the prior year. Approximately 71.9% of this amount, or \$14,636,535, 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 \$14,636,535 (or 90.5%) of total expenditures and transfers out.
- Total debt outstanding decreased approximately 8% due in part to the refunding of the Public Improvement Revenue Notes, Series 2007A.
- Net Assets of the Police Officers' and Firefighters' Pension Trust Funds increased by \$2,128,562 and \$1,759,457 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 25-26 of this report.

**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2012**

**Fund financial statements**

A fund is a grouping of related accounts that is used to maintain control over the resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental, proprietary, and fiduciary. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

During fiscal year 2012, the City utilized twelve individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the Debt Service Fund and the 2<sup>nd</sup> Generation 1 Cent Sales Tax Fund, which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in this report, immediately following the notes to the financial statements.

The City adopts an annual appropriated budget for its General Fund, and 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 internal service funds for its fleet operations and self-funded health insurance. 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 funds are combined into a single, aggregated presentation in the proprietary fund statements. Individual fund data for the internal service funds is provided in the Combining and Individual Fund Statement and Schedules section of this report.

The basic proprietary fund financial statements can be found on pages 32-37 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 38-39 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 on pages 40-62 of this report.

**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.

**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2012**

**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 \$97,390,185 at the close of fiscal year ended September 30, 2012.

Statement of Net Assets  
As of September 30,

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 25,198,453	\$ 26,807,435	\$ 15,265,014	\$ 14,519,304	\$ 40,463,467	\$ 41,326,739
Restricted assets	292,020	289,850	1,063,216	1,020,046	1,355,236	1,309,896
Capital assets	46,045,863	44,792,973	18,597,998	19,145,277	64,643,861	63,938,250
Total assets	71,536,336	71,890,258	34,926,228	34,684,627	106,462,564	106,574,885
Current liabilities	1,428,951	1,221,396	308,358	327,314	1,737,309	1,548,710
Non-current liabilities outstanding	5,589,066	6,099,850	316,407	300,997	5,905,473	6,400,847
Other liabilities (comp abs & opeb)	1,338,722	1,393,781	95,875	92,422	1,434,597	1,486,203
Total liabilities	8,356,739	8,715,027	720,640	720,733	9,077,379	9,435,760
Net assets invested in capital assets, net of related debt	40,789,143	39,025,533	18,602,998	19,145,277	59,392,141	58,170,810
Net assets restricted for capital improvement	2,563,476	5,610,121	746,809	719,049	3,310,285	6,329,170
Unrestricted net assets	19,826,978	18,539,577	14,860,781	14,099,568	34,687,759	32,639,145
Total net assets	\$ 63,179,597	\$ 63,175,231	\$ 34,210,588	\$ 33,963,894	\$ 97,390,185	\$ 97,139,125

The largest portion of the City's net assets \$59,392,141 (or 61.0%) reflect its investment in capital assets (e.g., land, buildings, improvements, infrastructure, vehicles and equipment) less any related outstanding debt used to acquire those assets. The City of Lake Mary 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.

An additional portion of the City's net assets \$3,310,285 (or 3.4%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$34,687,759 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of fiscal year 2012, the City of Lake Mary is 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. This trend has been consistent for the previous ten fiscal years under the GASB 34 reporting model.

The City's net assets increased a total of \$251,060 from the prior fiscal year. The reasons this this overall decrease are discussed in the following sections for governmental activities and business-type activities.

**Governmental Activities.** During the current fiscal year, governmental activities increased \$4,366 from the prior fiscal year for an ending balance of \$63,179,597.

The City experienced a \$397,975 (6.2%) decrease in ad valorem taxes that is directly related to the decline of assessed property values within the City. Franchise fees and utility taxes decreased \$196,856 (3.1%) which is influenced by the overall performance of the economy. Capital grants and contributions reduced \$4,681,069 (93.7%) primarily due to the discontinuance of 2<sup>nd</sup> Generation 1 Cent Sales Tax at December 31, 2011. Charges for services increased \$535,177 (23.3%). As compared to the previous fiscal year, building permit revenue increased \$414,874 (72.9%) and impact fee collections increased \$204,894 (or 2,696%). The City was also a recipient of the Assistance to Firefighters Grant in the amount of \$221,538 with a 20% required match, from the Federal Emergency Management Agency for the purchase of radio equipment. The City's pension contributions for Police Officers and Firefighter increased \$137,793 (13.96%) over last fiscal year.

**Business-type Activities.** For the City of Lake Mary's business-type activities, the results for the current year were positive with net assets increasing \$264,694 (.78%) for a total of \$34,210,588. Activities remained relatively constant during fiscal year 2012 with revenues decreasing by 2.59% and expenses down 5.52% from last fiscal year. The decline in revenue is relative to the reduction in the cost to provide service. The additional reduction in expense is primarily due to a decrease in cost of maintenance operations.

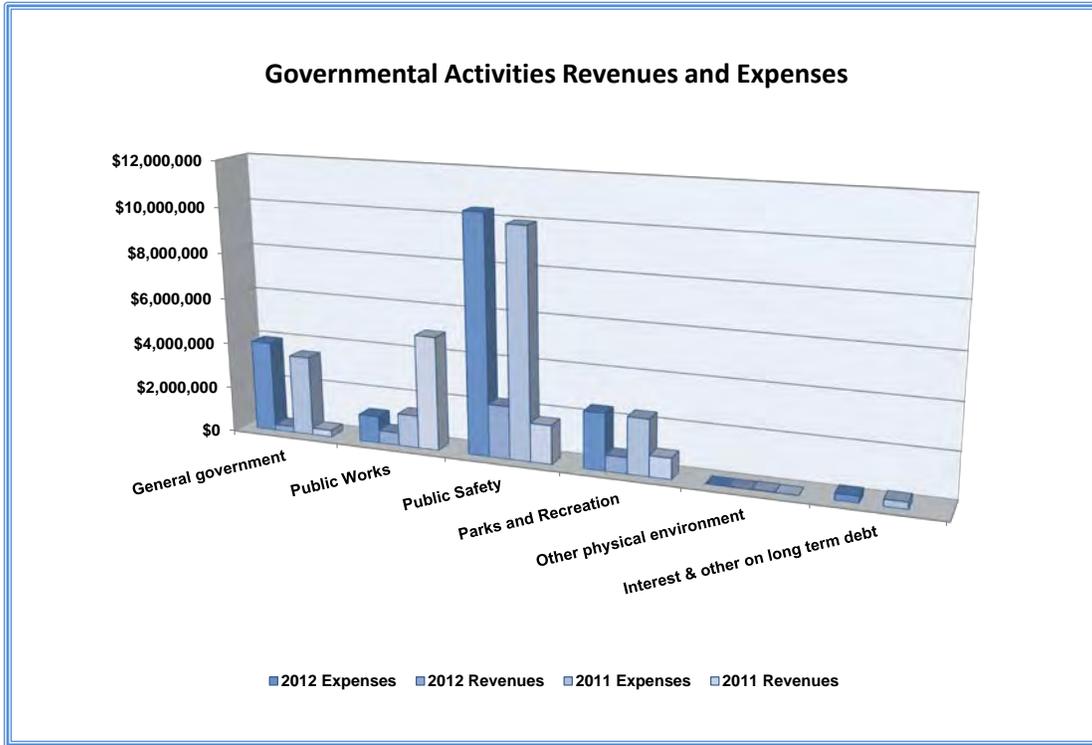
**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2012**

Changes In Net Assets  
For the Year Ended September 30,

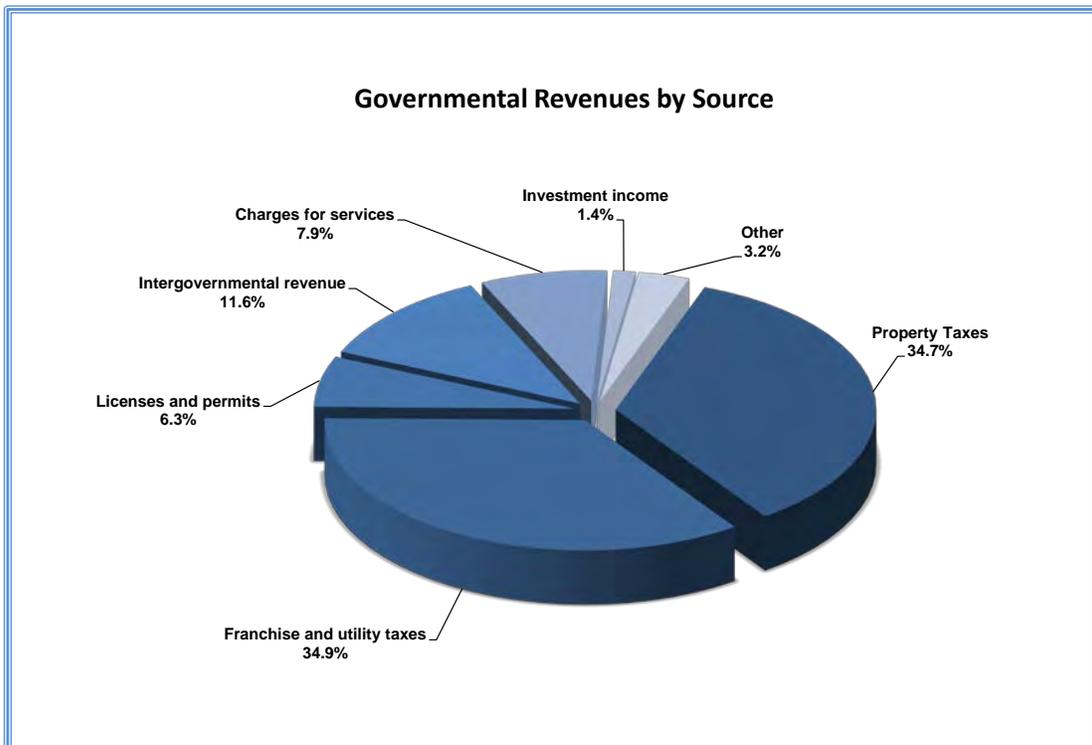
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 2,829,237	\$ 2,294,060	\$ 4,621,040	\$ 4,743,937	\$ 7,450,277	\$ 7,037,997
Operating grants and contributions	692,528	593,639	-	-	692,528	593,639
Capital grants and contributions	312,686	4,993,755	36,958	84,968	349,644	5,078,723
General revenues:						
Property taxes	6,072,711	6,470,685	-	-	6,072,711	6,470,685
Other taxes	6,109,935	6,306,791	-	-	6,109,935	6,306,791
Other revenues	1,500,482	1,417,287	170,677	130,550	1,671,159	1,547,837
Total revenues	17,517,579	22,076,217	4,828,675	4,959,455	22,346,254	27,035,672
Expenses:						
General government	3,998,128	3,494,168	-	-	3,998,128	3,494,168
Public works	1,177,562	1,420,444	-	-	1,177,562	1,420,444
Public safety	10,391,963	9,982,292	-	-	10,391,963	9,982,292
Parks and recreation	2,516,530	2,452,636	-	-	2,516,530	2,452,636
Other physical environment	11,690	20,580	-	-	11,690	20,580
Interest and other on long term debt	267,340	303,069	-	-	267,340	303,069
Water and sewer	-	-	3,401,192	3,546,360	3,401,192	3,546,360
Stormwater	-	-	330,789	403,761	330,789	403,761
Total expenses	18,363,213	17,673,189	3,731,981	3,950,121	22,095,194	21,623,310
Increase (decrease) in net assets before transfers & special items	(845,634)	4,403,028	1,096,694	1,009,334	251,060	5,412,362
Transfers	850,000	850,000	(850,000)	(850,000)	-	-
Increase (decrease) in net assets	4,366	5,253,028	246,694	159,334	251,060	5,412,362
Net assets - October 1	63,175,231	57,922,203	33,963,894	33,804,560	97,139,125	91,726,763
Net assets - September 30	\$ 63,179,597	\$ 63,175,231	\$ 34,210,588	\$ 33,963,894	\$ 97,390,185	\$ 97,139,125

**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2012**

Expenses and revenues for governmental activities are show graphically by function. Public safety is the largest category of expenditures followed by general government.

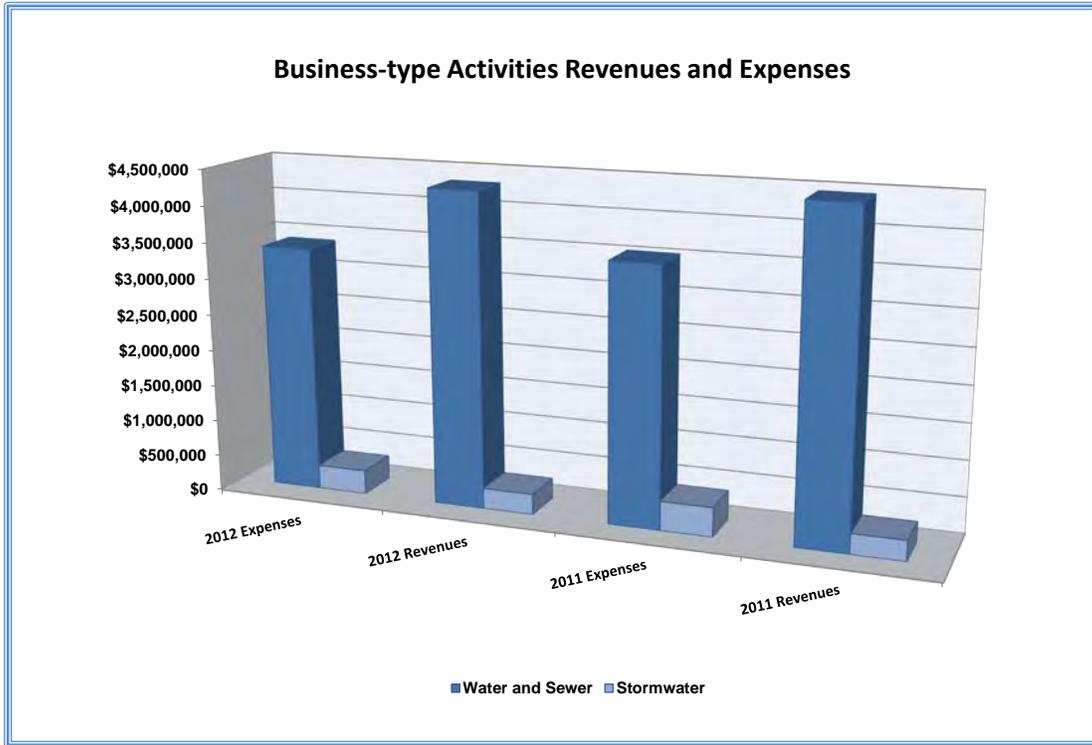


Revenues for governmental activities are shown graphically by source. The largest source of revenue for governmental activities is franchise and utility taxes followed by property taxes.

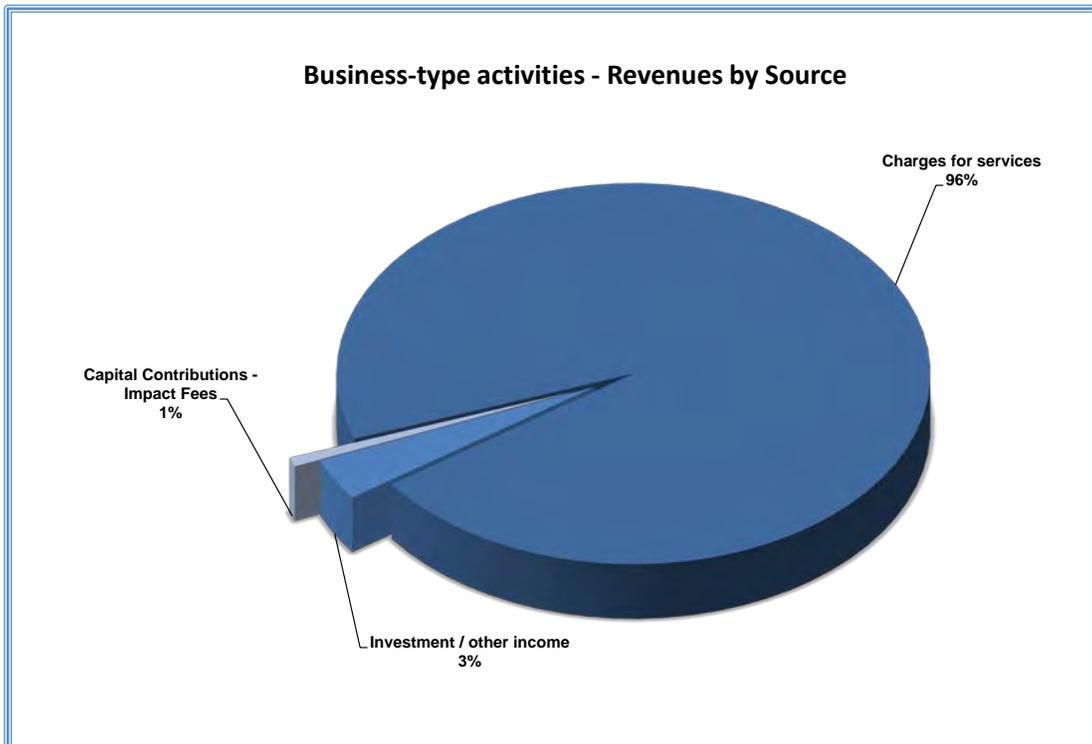


**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2012**

Revenues and expenses are shown by business-type activity. The Water and Sewer Fund is the largest business-type activity.



Revenues for business-type activities are shown graphically by source. The largest source of revenue is charges for services followed by investment and other income.



**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2012**

**Financial Analysis of the Government's Funds.** As noted earlier, the City of Lake Mary 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 of Lake Mary'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. Overall, the City continues to remain on solid financial footing and results of operations are as expected in all funds.

As of September 30, 2012, the City's governmental funds reported combined ending fund balances of \$20,360,257, a decrease of \$2,100,897 compared with the prior year. Approximately 71.9% of this total amount, or \$14,636,535 constitutes unassigned fund balance, which is available for spending at the City's discretion. Further information regarding unassigned fund balance can be found in the governmental funds financial statements starting on page 27. The remainder of fund balance, \$5,723,722, 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 or health insurance 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.

Changes in Governmental Fund Balance For the Year Ended September 30,		
	2012	2011
<b>REVENUES</b>		
Taxes	\$ 12,182,646	\$ 12,777,476
Licenses and permits	1,099,314	688,092
Intergovernmental revenues	2,026,742	6,608,224
Charges for services/fines	1,473,936	1,552,903
Impact fees/assessments	245,272	40,400
Investment and other income	454,903	409,122
Total revenues	17,482,813	22,076,217
<b>EXPENDITURES</b>		
General government	3,868,568	3,275,211
Public works	3,286,943	1,629,246
Public safety	10,445,865	9,620,571
Parks and recreation	2,016,326	2,282,742
Other physical environment	37,948	46,665
Debt service	5,028,060	2,505,711
Total expenditures	24,683,710	19,360,146
over(under) expenditures	(7,200,897)	2,716,071
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	1,656,876	3,767,255
Transfers out	(806,876)	(2,917,255)
Note issued	4,250,000	-
Total other financing source (use)	5,100,000	850,000
Net change in fund balances	(2,100,897)	3,566,071
Fund balances - beginning	22,461,154	18,895,083
Fund balances - end	\$ 20,360,257	\$ 22,461,154

The General Fund is the primary operating fund of the City. The General Fund manages 94.3% of the total governmental revenues. At September 30, 2012, the unassigned fund balance of the General Fund was \$14,636,535 while the total fund balance was \$16,369,093. 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 90.5% percent of total General Fund expenditures and transfers out, while total fund balance represents 101.3% of that same amount.

Although the original adopted budget for the fiscal year 2012 projected an appropriation of fund balance in the amount of \$599,794, the fund balance of the City's General Fund increased \$1,302,910 during the fiscal year. Actual revenue collections were more

**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2012**

favorable than projected. Total tax revenues were below projections by \$117,735 while several other revenue categories outperformed. Building permit revenue exceeded projections by \$237,941 (31.9%), an indication of an improving economy. Increases in Events Center rentals, rescue transports and police service fees included in charges for services account for the excess receipts of \$330,577 (31.9%). Insurance proceeds in the amount of \$37,000 from two lightning strikes and the recognition of \$28,325 in forfeitures from the General Employee Pension Fund account for miscellaneous revenue not budgeted. A transfer in in the amount of \$125,000 from the Cemetery Fund returned a portion of the funds advanced in fiscal year 2010. Additional cost cutting measures were implemented to help mitigate the anticipated shortfalls in revenues. Vacancies in personnel were scrutinized and only filled if necessary. Expenditures appropriated for the Employee Health Clinic were not utilized as the new Health Insurance Fund (an internal service fund) was created and receipts for service charges were used for funding. Additional information regarding the general fund budget to actual variances can be found on page 31.

The Debt Service Fund has a total fund balance of \$456,895 and is categorized as a major fund due to the refinancing of the Public Improvement Revenue Note, Series 2007A. In May of 2012, Public Improvement Revenue Refunding Note, Series 2012 was issued in the amount \$4,250,000 providing a present value savings of \$577,682. The fund balance is committed to pay future debt service.

The 2<sup>nd</sup> Generation One Cent Sales Tax Fund has a total fund balance of \$1,716,640, a decrease of \$2,050,449. This decrease is a result of the completion of the Sand Pond/Skyline Drive Road Improvement Project and the discontinuance of the 2<sup>nd</sup> Generation One Cent Sales Tax as of December 31, 2011. The fund balance is restricted to pay for road improvement projects such as the 4<sup>th</sup> Street and Seminole Avenue Road Improvement Project and road resurfacing.

**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, 2012, unrestricted net assets of the Water and Sewer Fund amounted to \$13,980,865, unrestricted net assets of the Stormwater Utility Fund were \$879,916, and net assets restricted for capital improvement in the Water and Sewer Fund were \$746,809. Increase in net assets was \$246,694 over the prior year. A decrease of 5.5% was shown in proprietary funds expenses, along with a decrease of 2.5% in charges for service. Water and sewer sales decreased from last fiscal year which is supported by the decrease in the cost to provide those services.

**General Fund Budgetary Highlights**

During fiscal year 2012, the General Fund budget was amended to increase revenues by \$38,816, to increase appropriations by \$86,621 and increase transfers by \$125,000. The Final amended General Fund appropriations were \$17,457,252 and actual expenditures (budgetary basis) \$16,166,479. General Fund revenues exceeded the original budget by \$573,552, or 3.6%. Significant budgetary variances between the final amended budget and actual results are listed below:

- Property Taxes received were \$83,530 over budget due to receipts exceed the anticipated budget.
- Utility Tax and Franchise Fee revenue reported a shortfall of \$201,265 due in part to the struggling economy and rate structure changes from power companies. Included in this category is Communications Services Tax that reported \$73,496 less than projected receipts due to changes in communications technology and the consumers' election to reduce redundant land line telephone service and rely solely on cellular service.
- \$234,814 positive variance in the collection of Licenses and Permit revenues due in part to the increase of new construction within City limits.
- Charges for Services can be attributed in part to a positive variance in Events Center revenues of \$78,448 due primarily to increased rental opportunities and fee increases, and a positive variance of \$224,044 in rescue transport fees and an additional \$28,085 in police services.

Actual expenditures were less than amended appropriations by \$1,290,773, a variance of 7.7%, 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.

Transfers to other funds were:

- \$681,876 to Debt Service Funds.

**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2012**

**Capital Asset and Debt Administration**

**Capital assets.** The City of Lake Mary's investment in capital assets for its governmental and business-type activities as of September 30, 2012, amounts to \$64,648,861 (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 increase in the City's investment in capital assets for the current fiscal year was \$710,611 which includes depreciation expense of \$3,005,323.

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

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 11,126,349	\$ 10,715,407	\$ 39,548	\$ 39,548	\$ 11,165,897	\$ 10,754,955
Buildings	15,704,582	16,425,307	165,200	177,000	15,869,782	16,602,307
Improvements other than bldg	1,505,199	1,712,643	-	-	1,505,199	1,712,643
Water/sewer system	-	-	16,737,516	17,241,964	16,737,516	17,241,964
Stormwater system	-	-	1,458,720	1,631,082	1,458,720	1,631,082
Intangible assets	29,093	46,199	-	6,836	29,093	53,035
Machinery and equipment	454,638	605,190	32,989	18,247	487,627	623,437
Vehicles	1,782,452	1,597,605	-	-	1,782,452	1,597,605
Infrastructure w restatement	15,119,277	12,704,972	-	-	15,119,277	12,704,972
Construction in progress	324,273	985,650	169,025	30,600	493,298	1,016,250
Total	<u>\$ 46,045,863</u>	<u>\$ 44,792,973</u>	<u>\$ 18,602,998</u>	<u>\$ 19,145,277</u>	<u>\$ 64,648,861</u>	<u>\$ 63,938,250</u>

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

- Downtown Land Acquisition, current year costs of \$585,598 includes the building for the new employee health clinic.
- Replacement vehicles purchases of \$361,351.
- New vehicle purchases include a new rescue \$171,727, a mini hydraulic excavator \$41,819, a truck for the new Fire Training Office \$37,441, and a police car for a newly authorized police office \$36,836.
- The completion of the Sand Pond/Skyline Drive Road Improvement Project \$2,896,569.
- Cemetery columbarium \$32,146.

Major capital assets included in Construction in Progress:

- Downtown R-O-W upgrades \$289,180.
- Sun-Rail Enhancements, \$15,215.
- Water Plant Security Upgrades, \$26,448.
- Water Treatment Plant production Well #2 Rehabilitation, \$138,377.

Additional information regarding the City's capital assets can be found in Note 6 of the notes to the financial statements in this report.

**CITY OF LAKE MARY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2012**

**Long-term debt.** At the end of the current fiscal year, the City had total debt outstanding of \$5,325,000, which consists of notes payable. Business-type activities have no outstanding debt.

Long Term Debt  
As of September 30,

	Governmental activities	
	2012	2011
PIRRN 2007	\$ 1,075,000	\$ 5,810,000
PIRRN 2012	4,250,000	-
Total	\$ 5,325,000	\$ 5,810,000

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.

***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 2012. The unemployment rate for the City at September 30, 2012 was 8.4%, a decrease of 1.8% from the prior year. The national unemployment rate for the same period was 7.8%. 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.

The assessed value of real property located within the City of Lake Mary was valued at \$1,505,913,560, a decrease .27% while the value of personal property declined by almost 4.14% in fiscal year 2012. During the current fiscal year, new residential and nonresidential construction in the City was valued at \$5.16 million.

The City's elected and appointed officials considered many factors when adopting the fiscal year end 2013 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 1.0447 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 \$48,494 decline in ad valorem revenues.

The General Fund fiscal year 2013 budget was adopted utilizing \$1,728,891 of fund balance for the payment of debt service, for funding of the new employee health clinic and for appropriations leaving an unassigned fund balance of \$14,636,535. After considering the City's Fund Balance/Net Assets Policy, \$10,765,384 remains.

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 SunRail stop near the existing police station in 2014. Also scheduled 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.

## **Basic Financial Statements**



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**City of Lake Mary, Florida**  
**Statement of Net Assets**  
**As of September 30, 2012**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 12,202,377	\$ 5,582,216	\$ 17,784,593
Investments	11,380,642	8,897,239	20,277,881
Interest receivable	34,320	22,135	56,455
Accounts receivable (net of allowance for uncollectibles)	1,013,089	380,286	1,393,375
Internal balances	3,596	(3,596)	-
Due from other governmental units	276,403	-	276,403
Unbilled service charges	904	121,452	122,356
Special assessments - current	3,159	57,892	61,051
Inventories	38,350	47,460	85,810
Prepaid items	15,507	38,970	54,477
Health insurance claims escrow	59,000	-	59,000
Bond issuance costs	40,326	-	40,326
Restricted assets:			
Temporarily restricted cash or investments:	292,020	1,063,216	1,355,236
Pension assets	130,780	-	130,780
Special assessments noncurrent	-	117,364	117,364
Capital assets not being depreciated:			
Land	11,126,349	39,548	11,165,897
Construction in progress	324,273	169,025	493,298
Capital assets net of accumulated depreciation:			
Buildings	15,704,582	165,200	15,869,782
Improvements other than buildings	1,505,199	-	1,505,199
Water/sewer system	-	16,737,516	16,737,516
Stormwater system	-	1,458,720	1,458,720
Intangible assets	29,093	-	29,093
Machinery and equipment	454,638	32,989	487,627
Vehicles	1,782,452	-	1,782,452
Infrastructure	15,119,277	-	15,119,277
Total assets	<u>71,536,336</u>	<u>34,927,632</u>	<u>106,463,968</u>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	1,342,621	252,559	1,595,180
Unearned revenue	86,330	52,203	138,533
Noncurrent liabilities:			
Liabilities payable from restricted assets	292,020	316,407	608,427
Due within one year	346,337	6,891	353,228
Due in more than one year	6,289,431	88,984	6,378,415
Total liabilities	<u>8,356,739</u>	<u>717,044</u>	<u>9,073,783</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	40,789,143	18,602,998	59,392,141
Restricted for capital improvement	2,563,476	746,809	3,310,285
Unrestricted	19,826,978	14,860,781	34,687,759
Total net assets	<u>\$ 63,179,597</u>	<u>\$ 34,210,588</u>	<u>\$ 97,390,185</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, 2012**

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
<b>Primary government:</b>							
Government activities:							
General government	\$ 3,998,128	\$ 255,033	\$ -	\$ -	\$ (3,743,095)	\$ -	\$ (3,743,095)
Public works	1,177,562	9,501	386,632	164,137	(617,292)	-	(617,292)
Public safety	10,391,963	1,853,203	305,896	148,549	(8,084,315)	-	(8,084,315)
Parks and recreation	2,516,530	705,300	-	-	(1,811,230)	-	(1,811,230)
Other physical environment	11,690	6,200	-	-	(5,490)	-	(5,490)
Interest & other fiscal charges on long-term debt	267,340	-	-	-	(267,340)	-	(267,340)
Total governmental activities	<u>18,363,213</u>	<u>2,829,237</u>	<u>692,528</u>	<u>312,686</u>	<u>(14,528,762)</u>	<u>-</u>	<u>(14,528,762)</u>
Business-type activities:							
Water and Sewer	3,401,192	4,336,813	-	36,958	-	972,579	972,579
Stormwater	330,789	284,227	-	-	-	(46,562)	(46,562)
Total business-type activities	<u>3,731,981</u>	<u>4,621,040</u>	<u>-</u>	<u>36,958</u>	<u>-</u>	<u>926,017</u>	<u>926,017</u>
Total primary government	<u>\$ 22,095,194</u>	<u>\$ 7,450,277</u>	<u>\$ 692,528</u>	<u>\$ 349,644</u>	<u>(14,528,762)</u>	<u>926,017</u>	<u>(13,602,745)</u>
General revenues:							
Property taxes					6,072,711	-	6,072,711
Franchise & utility taxes					6,109,935	-	6,109,935
Unrestricted intergovernmental revenues					1,010,813	-	1,010,813
Unrestricted investment earnings					277,692	170,677	448,369
Gain on sale of capital assets					51,917	-	51,917
Miscellaneous revenues					160,060	-	160,060
Transfers					850,000	(850,000)	-
Total general revenues and transfers					<u>14,533,128</u>	<u>(679,323)</u>	<u>13,853,805</u>
Change in net assets					<u>4,366</u>	<u>246,694</u>	<u>251,060</u>
Net assets - beginning					<u>63,175,231</u>	<u>33,963,894</u>	<u>97,139,125</u>
Net assets - ending					<u>\$ 63,179,597</u>	<u>\$ 34,210,588</u>	<u>\$ 97,390,185</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, 2012**

	General Fund	Debt Service Fund	2nd Generation One Cent Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 7,929,136	\$ 456,895	\$ 655,318	\$ 1,506,275	\$ 10,547,624
Investments	8,073,286	-	1,054,472	440,697	9,568,455
Interest receivable	24,105	-	2,453	3,023	29,581
Receivables (net of allow- ance for uncollectibles)	1,010,776	-	-	-	1,010,776
Unbilled service charges	904	-	-	-	904
Due from other funds	200,000	-	-	-	200,000
Due from other governments	272,006	-	4,397	-	276,403
Special assessments-current	3,159	-	-	-	3,159
Inventories	3,160	-	-	-	3,160
Prepaid items	507	-	-	15,000	15,507
Restricted cash and cash equivalents	292,020	-	-	-	292,020
Total Assets	<u>\$ 17,809,059</u>	<u>\$ 456,895</u>	<u>\$ 1,716,640</u>	<u>\$ 1,964,995</u>	<u>\$ 21,947,589</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 438,057	\$ -	\$ -	\$ 128,149	\$ 566,206
Accrued liabilities	375,394	-	-	-	375,394
Retainage payable	-	-	-	19,217	19,217
Due to other funds	38,292	-	-	-	38,292
Due to other governments	124,340	-	-	-	124,340
Unearned revenue	86,330	-	-	-	86,330
Other liabilities	85,533	-	-	-	85,533
Liabilities payable from restricted assets	292,020	-	-	-	292,020
Total Liabilities	<u>1,439,966</u>	<u>-</u>	<u>-</u>	<u>147,366</u>	<u>1,587,332</u>
Fund Balances					
Non spendable:	3,667	-	-	15,000	18,667
Restricted:	-	-	1,716,640	970,793	2,687,433
Committed:	-	456,895	-	831,836	1,288,731
Assigned:	1,728,891	-	-	-	1,728,891
Unassigned	14,636,535	-	-	-	14,636,535
Total fund balance	<u>16,369,093</u>	<u>456,895</u>	<u>1,716,640</u>	<u>1,817,629</u>	<u>20,360,257</u>
Total liabilities and fund balances	<u>\$ 17,809,059</u>	<u>\$ 456,895</u>	<u>\$ 1,716,640</u>	<u>\$ 1,964,995</u>	<u>\$ 21,947,589</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, 2012**

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Total governmental funds fund balance		\$ 20,360,257
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.		44,263,411
Internal service funds are used by management to charge the costs of (a) fleet management to individual funds, and (b) self-funded health care. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		4,991,375
Prepaid costs of note issuance should be recorded as an asset and amortized over the life of the issuance.		
Total issuance cost Issue PIRRN 2012	\$ 36,000	
Less: amortization over 15 years (yr 1)	(2,400)	
Total issuance cost PIRRN 2007B	16,813	
Less: amortization over 10 years (yr 6)	<u>(10,087)</u>	40,326
The noncurrent portion of compensated absences is not due and payable in the current period and therefore, is not reported in the funds.		(1,195,302)
The long-term portion of notes payable is not due and payable in the current period, and therefore, is not reported in the funds.		(4,953,046)
The current portion of notes payable is not recorded as a liability in governmental funds balance sheet.		(344,000)
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.		130,780
The net other post employment benefits obligation is not recorded as a liability in governmental funds balance sheet.		(114,204)
Net assets of governmental activities		<u><u>\$ 63,179,597</u></u>

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

**City of Lake Mary, Florida**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**All Governmental Fund Types**  
**For the Year Ended September 30, 2012**

	General Fund	Debt Service Fund	2nd Gen 1 Cent Sales Tax Fund	Other Government Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes:					
Property	\$ 6,072,711	\$ -	\$ -	\$ -	\$ 6,072,711
Franchise and utility taxes	6,109,935	-	-	-	6,109,935
Licenses and permits	1,099,314	-	-	-	1,099,314
Intergovernmental revenues	1,336,088	-	250,650	440,004	2,026,742
Charges for services	1,367,847	-	-	6,200	1,374,047
Impact fees/assessments	32,780	-	-	212,492	245,272
Fines and forfeitures	71,167	-	-	28,722	99,889
Investment income	192,570	-	25,803	24,553	242,926
Other	211,977	-	-	-	211,977
Total revenues	<u>16,494,389</u>	<u>-</u>	<u>276,453</u>	<u>711,971</u>	<u>17,482,813</u>
<b>EXPENDITURES</b>					
Current:					
General government	3,279,518	-	-	3,452	3,282,970
Public works	613,793	-	3,000	52,386	669,179
Public safety	9,573,032	-	-	575,180	10,148,212
Parks and recreation	2,003,391	-	-	-	2,003,391
Other physical environment	-	-	-	5,802	5,802
Debt service:					
Principal	-	4,735,000	-	-	4,735,000
Interest and other fiscal charges	-	257,060	-	-	257,060
Issuance costs	-	36,000	-	-	36,000
Capital outlay:					
General government	-	-	-	585,598	585,598
Public works	-	-	2,323,902	293,862	2,617,764
Public safety	14,869	-	-	282,784	297,653
Parks and recreation	-	-	-	12,935	12,935
Other physical environment	-	-	-	32,146	32,146
Total expenditures	<u>15,484,603</u>	<u>5,028,060</u>	<u>2,326,902</u>	<u>1,844,145</u>	<u>24,683,710</u>
Excess(deficiency) of revenues over(under) expenditures	<u>1,009,786</u>	<u>(5,028,060)</u>	<u>(2,050,449)</u>	<u>(1,132,174)</u>	<u>(7,200,897)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	975,000	681,876	-	-	1,656,876
Transfers out	(681,876)	-	-	(125,000)	(806,876)
Note issued	-	4,250,000	-	-	4,250,000
Total other financing sources (uses)	<u>293,124</u>	<u>4,931,876</u>	<u>-</u>	<u>(125,000)</u>	<u>5,100,000</u>
Net change in fund balances	1,302,910	(96,184)	(2,050,449)	(1,257,174)	(2,100,897)
Fund balances - beginning	15,066,183	553,079	3,767,089	3,074,803	22,461,154
Fund balances - end	<u>\$ 16,369,093</u>	<u>\$ 456,895</u>	<u>\$ 1,716,640</u>	<u>\$ 1,817,629</u>	<u>\$ 20,360,257</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, 2012**

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Amounts reported for governmental activities in the Statement of Activities (Page 26) are different because:

Net change in fund balances -- total governmental funds \$ (2,100,897)

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	\$	3,546,096	
Capital assets removed/expensed from CIP		(352,946)	
Current year depreciation		<u>(1,837,285)</u>	1,355,865

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

Note proceeds			(4,250,000)
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Repayment of note 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 Statement of Net Assets, issuance costs are amortized over the life of the issue.

Principal payments		4,735,000	
Note issuance costs		36,000	
Issuance costs allocated expense (PIRRN 2012)		(2,400)	
Issuance costs allocated expense (PIRN 2007 B)		<u>(3,605)</u>	4,764,995

The internal service funds are used by management to charge the costs of fleet management and health insurance to individual funds. The change in net assets of the internal service funds are reported allocated to governmental activities.

Change in net assets of the internal service funds		444,465	
Capital assets contributed to Fleet Maintenance Fund		<u>(287,823)</u>	156,642

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.			25,510
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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.			<u>52,251</u>
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Change in net assets of governmental activities (page 26)			<u><u>\$ 4,366</u></u>
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**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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property	\$ 5,989,181	\$ 5,989,181	\$ 6,072,711	\$ 83,530
Franchise and utility taxes	6,311,200	6,311,200	6,109,935	(201,265)
Licenses and permits	864,500	864,500	1,099,314	234,814
Intergovernmental revenues	1,320,856	1,323,597	1,336,088	12,491
Charges for services	1,037,400	1,037,400	1,367,847	330,447
Impact fees/assessments	32,000	32,000	32,780	780
Fines and forfeitures	75,700	75,700	71,167	(4,533)
Investment income	200,000	200,000	192,570	(7,430)
Other	90,000	126,075	211,977	85,902
Total revenues	15,920,837	15,959,653	16,494,389	534,736
<b>EXPENDITURES</b>				
Current:				
General government	3,777,954	3,813,844	3,279,518	534,326
Public works	645,914	649,894	613,793	36,101
Public safety	10,124,592	10,140,511	9,573,032	567,479
Parks and recreation	2,121,095	2,135,970	2,003,391	132,579
Capital outlay:				
Public safety	19,200	35,157	14,869	20,288
Total expenditures	16,688,755	16,775,376	15,484,603	1,290,773
Excess (deficiencies) of revenues over (under) expenditures	(767,918)	(815,723)	1,009,786	1,825,509
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	850,000	975,000	975,000	-
Transfers out	(681,876)	(681,876)	(681,876)	-
Total other financing sources and uses	168,124	293,124	293,124	-
Net change in fund balances	(599,794)	(522,599)	1,302,910	1,825,509
Fund Balances at Beginning of Year	15,066,183	15,066,183	15,066,183	-
Fund Balances at End of Year	\$ 14,466,389	\$ 14,543,584	\$ 16,369,093	\$ 1,825,509

*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, 2012**

	Business Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer Fund	Stormwater Utility Fund	Total	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 4,879,083	\$ 703,133	\$ 5,582,216	\$ 1,654,753
Investments	8,741,462	155,777	8,897,239	1,812,187
Interest receivable	20,903	1,232	22,135	4,739
Accounts receivable (net of allowance for uncollectibles)	355,817	24,469	380,286	2,313
Due from other funds	-	-	-	42,646
Unbilled service charges	111,146	10,306	121,452	-
Special assessments - current	51,208	6,684	57,892	-
Inventories	47,460	-	47,460	35,190
Prepaid items	38,970	-	38,970	-
Health insurance claims escrow	-	-	-	59,000
Total current assets	<u>14,246,049</u>	<u>901,601</u>	<u>15,147,650</u>	<u>3,610,828</u>
Noncurrent assets:				
Restricted investments:				
Customer deposits	316,407	-	316,407	-
Impact fee funds	746,809	-	746,809	-
Total restricted assets	<u>1,063,216</u>	<u>-</u>	<u>1,063,216</u>	<u>-</u>
Special assessments - noncurrent	<u>117,364</u>	<u>-</u>	<u>117,364</u>	<u>-</u>
Capital assets:				
Land	39,548	-	39,548	-
Buildings	472,000	-	472,000	-
Water/sewer system	22,734,363	-	22,734,363	-
Stormwater system	-	3,005,740	3,005,740	-
Intangible assets	102,200	-	102,200	-
Machinery and equipment	187,973	14,975	202,948	-
Vehicles	-	-	-	4,994,906
Construction in progress	169,025	-	169,025	-
Less accumulated depreciation	<u>(6,560,830)</u>	<u>(1,561,996)</u>	<u>(8,122,826)</u>	<u>(3,212,454)</u>
Total capital assets (net of accumulated depreciation)	<u>17,144,279</u>	<u>1,458,719</u>	<u>18,602,998</u>	<u>1,782,452</u>
Total noncurrent assets	<u>18,324,859</u>	<u>1,458,719</u>	<u>19,783,578</u>	<u>1,782,452</u>
Total assets	<u>\$ 32,570,908</u>	<u>\$ 2,360,320</u>	<u>\$ 34,931,228</u>	<u>\$ 5,393,280</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	Total	
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 217,694	\$ 6,279	\$ 223,973	\$ 166,056
Accrued liabilities	24,655	3,931	28,586	5,875
Due to other funds	3,091	505	3,596	200,758
Compensated absences	6,107	784	6,891	2,337
Total current liabilities	<u>251,547</u>	<u>11,499</u>	<u>263,046</u>	<u>375,026</u>
Noncurrent liabilities:				
Liabilities payable from restricted assets:				
Customer deposits	316,407	-	316,407	-
Unearned revenue	52,203	-	52,203	-
Compensated absences	70,236	9,018	79,254	26,879
Other noncurrent liabilities	8,562	1,168	9,730	-
Total noncurrent liabilities	<u>447,408</u>	<u>10,186</u>	<u>457,594</u>	<u>26,879</u>
Total liabilities	<u>698,955</u>	<u>21,685</u>	<u>720,640</u>	<u>401,905</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	17,144,279	1,458,719	18,602,998	1,782,452
Restricted for capital improvement	746,809	-	746,809	-
Unrestricted	13,980,865	879,916	14,860,781	3,208,923
Total net assets	<u>31,871,953</u>	<u>2,338,635</u>	<u>34,210,588</u>	<u>4,991,375</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, 2012**

	Business Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer Fund	Stormwater Utility Fund	Totals	
<b>Operating revenues:</b>				
Charges for sales and services:				
Water sales	\$ 2,364,597	\$ -	\$ 2,364,597	\$ -
Sewer revenue	1,850,306	-	1,850,306	-
Stormwater fees	-	284,227	284,227	-
Other service charges	121,910	-	121,910	1,144,231
Total operating revenues	<u>4,336,813</u>	<u>284,227</u>	<u>4,621,040</u>	<u>1,144,231</u>
Operating expenses				
Costs of operations	2,623,949	158,037	2,781,986	592,612
Administration	228,929	-	228,929	-
Depreciation	532,135	172,362	704,497	463,541
Amortization	14,034	-	14,034	-
OPEB expense	2,145	390	2,535	-
Total operating expenses	<u>3,401,192</u>	<u>330,789</u>	<u>3,731,981</u>	<u>1,056,153</u>
Operating income (loss)	<u>935,621</u>	<u>(46,562)</u>	<u>889,059</u>	<u>88,078</u>
Nonoperating revenues (expenses):				
Investment income	160,372	10,305	170,677	34,766
Gain (loss) on sale of capital assets	-	-	-	27,446
Total nonoperating revenue (expense)	<u>160,372</u>	<u>10,305</u>	<u>170,677</u>	<u>62,212</u>
Income (loss) before contributions and transfers	<u>1,095,993</u>	<u>(36,257)</u>	<u>1,059,736</u>	<u>150,290</u>
Capital contributions - impact fees	36,958	-	36,958	-
Capital contributions - developers & others	-	-	-	294,175
Transfers out	(850,000)	-	(850,000)	-
Change in net assets	<u>282,951</u>	<u>(36,257)</u>	<u>246,694</u>	<u>444,465</u>
Total net assets - beginning	<u>31,589,002</u>	<u>2,374,892</u>	<u>33,963,894</u>	<u>4,546,910</u>
Total net assets - ending	<u>\$ 31,871,953</u>	<u>\$ 2,338,635</u>	<u>\$ 34,210,588</u>	<u>\$ 4,991,375</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, 2012**

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer Fund	Stormwater Utility Fund	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 4,286,117	\$ 281,216	\$ 4,567,333	\$ -
Other operating cash receipts	121,910	-	121,910	3,363
Receipts from interfund services provided	-	-	-	1,098,222
Payments to suppliers	(2,163,789)	(38,085)	(2,201,874)	(240,324)
Payments to employees	(694,884)	(119,820)	(814,704)	(191,399)
Net cash provided by operating activities	<u>1,549,354</u>	<u>123,311</u>	<u>1,672,665</u>	<u>669,862</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers to other funds	(850,000)	-	(850,000)	-
Due to other funds	-	-	-	200,000
Health insurance claims escrow	-	-	-	(59,000)
Net cash provided (used) by capital and related financing activities	<u>(850,000)</u>	<u>-</u>	<u>(850,000)</u>	<u>141,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital contributions - impact fees	36,958	-	36,958	-
Acquisition and construction of capital assets	(162,218)	-	(162,218)	(361,351)
Proceeds from sales of capital assets	-	-	-	32,271
Net cash provided (used) by capital and related financing activities	<u>(125,260)</u>	<u>-</u>	<u>(125,260)</u>	<u>(329,080)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sales or maturities of investments	6,253,750	283,984	6,537,734	777,709
Purchases of investments	(5,500,000)	-	(5,500,000)	(250,000)
Interest and dividends received	134,601	8,537	143,138	28,714
Net cash provided (used) by investing activities	<u>888,351</u>	<u>292,521</u>	<u>1,180,872</u>	<u>556,423</u>
Net increase (decrease) in cash and cash equivalents	1,462,445	415,832	1,878,277	1,038,205
Cash and cash equivalents October 1	<u>3,416,638</u>	<u>287,301</u>	<u>3,703,939</u>	<u>616,548</u>
Cash and cash equivalents September 30	<u>\$ 4,879,083</u>	<u>\$ 703,133</u>	<u>\$ 5,582,216</u>	<u>\$ 1,654,753</u>

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

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer Fund	Stormwater Utility Fund	Totals	
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 935,621	\$ (46,562)	\$ 889,059	\$ 88,078
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	532,135	172,362	704,497	463,541
Amortization expense	14,034	-	14,034	-
(Increase) decrease in customer accounts receivable	6,891	(1,234)	5,657	(42,646)
(Increase) decrease in unbilled service charges	4,608	(2,670)	1,938	-
(Increase) decrease in special assessments	59,715	893	60,608	-
(Increase) decrease in inventory	(3,037)	-	(3,037)	90
Increase (decrease) in customer deposits	15,410	-	15,410	-
Increase (decrease) in accounts payable	27,773	3,594	31,367	158,347
Increase (decrease) accrued expenses	4,522	81	4,603	228
Increase (decrease) in OPEB obligation	2,145	390	2,535	-
Increase (decrease) in compensated absences payable	4,967	(4,048)	919	1,466
Increase (decrease) in unearned revenue	(16,000)	-	(16,000)	-
Increase (decrease) in due to other funds	3,091	505	3,596	758
Increase (decrease) in due to other government	(42,521)	-	(42,521)	-
Total adjustments	613,733	169,873	783,606	581,784
Net cash provided by operating activities	\$ 1,549,354	\$ 123,311	\$ 1,672,665	\$ 669,862

The Water and Sewer Fund had a non-cash gain in the fair value of investments of \$19,375; the Stormwater Fund had a non-cash gain in the fair value of investment of \$1,159; and the Internal Service Funds have a combined non-cash gain in the fair value of investments of \$4,428. Internal Service Funds also had a non-cash contribution of \$287,823 from other governmental funds, and a non-cash contribution of \$6,352 from outside sources.

**City of Lake Mary, Florida**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**As of September 30, 2012**

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	Total Employee Pension Funds
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,178,153
Receivables:	
Interest receivable	83,166
Notes receivable - employee	18,243
Total receivables	101,409
Investments at fair value	
U.S. Government obligations	
Domestic corporate & Govt bonds	6,928,930
Domestic stocks	16,072,661
Other securities	1,484,360
Total investments	24,485,951
Prepaid expenses	-
Total assets	26,765,513
<b>LIABILITIES</b>	
Accounts payable	41,753
Total liabilities	41,753
<b>NET ASSETS</b>	
Held in trust for pension benefits	\$ 26,723,760

*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, 2012**

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	<u>Total Employee Pension Funds</u>
<b>ADDITIONS</b>	
Contributions:	
Employer contributions	\$ 1,594,220
State contributions	291,455
Employee contributions	<u>451,907</u>
Total contributions	<u>2,337,582</u>
Investment earnings	
Interest	564,615
Net increase (decrease) in fair value of investments	<u>3,331,808</u>
Net investment earnings (loss)	<u>3,896,423</u>
Total additions	<u>6,234,005</u>
<b>DEDUCTIONS</b>	
Benefit payments	1,475,665
Refunds of contributions	181,480
Administrative expenses	<u>183,855</u>
Total deductions	<u>1,841,000</u>
Change in net assets	4,393,005
Net assets - beginning	<u>22,330,755</u>
Net assets - ending	<u><u>\$ 26,723,760</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, 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Lake Mary, Florida ("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 *Debt Service Fund* is used to account for the accumulation of resources for, and the payment of long term debt. Current debt issues include the Public Improvement Revenue Note, Series 2007B, and the refunding of Public Improvement Refunding Revenue Note, Series 2012, which refunded PIRN Series 2007A.

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 and the Cemetery Fund.

The *General Capital Projects Fund* is a capital projects fund used to account for equipment purchases, general maintenance projects and construction and capital improvement projects of the City.

**Major Proprietary Fund**

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.

The *Water and Sewer Fund* is an Enterprise Fund 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**

The *Stormwater Utility Fund* is an Enterprise Fund that accounts for the operation and maintenance of the City's stormwater system.

*Internal Service Funds* are used to account for the City's fleet maintenance operations and vehicle rental and self-funded health insurance on a cost reimbursement basis.

### **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 to 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, 2012 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 \$54,477 at September 30, 2012.

### 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 2012 is \$1,578,760 for governmental funds, \$42,717 for business-type activities and \$49,169 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 2012.

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. This standard promotes clarity and consistency to Fund Balance classifications and categories, making the statements more useful by clarifying the presentation of available resources. The components of the fund balances of governmental funds reflect the classifications described below.

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

**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, 2012, the City’s governmental fund balances were as follows:

Fund Balances	General Fund	Debt Service Fund	2nd	Other Governmental Funds	Total Governmental Funds
			Generation One Cent Sales Tax Fund		
Non spendable:					
Inventory/prepays	\$ 3,667	\$ -	\$ -	\$ 15,000	\$ 18,667
Restricted for:					
Public works	-	-	-	19,847	19,847
Public safety	-	-	-	827,148	827,148
Parks and recreation	-	-	-	96,612	96,612
Other physical environment	-	-	-	27,186	27,186
Other capital projects	-	-	1,716,640	-	1,716,640
Committed to:					
Debt service	-	456,895	-	-	456,895
Other capital projects	-	-	-	831,836	831,836
Assigned to:					
Debt service	574,515	-	-	-	574,515
Health insurance benefits	307,815	-	-	-	307,815
Subsequent year expenditures	846,561	-	-	-	846,561
Unassigned fund balance	14,636,535	-	-	-	14,636,535
Total fund balance	<u>\$ 16,369,093</u>	<u>\$ 456,895</u>	<u>\$ 1,716,640</u>	<u>\$ 1,817,629</u>	<u>\$ 20,360,257</u>

**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, 2012, the carrying amount of the City's deposits was \$8,539,590 and the bank balance was \$8,669,297.

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, 2012, the City had the following investments.

Investment Type	Fair Value	Weighted Average Maturity (years)
U.S. Agencies	\$ 21,559,474	4.56
Money Market Funds	9,244,483	n/a
Certificate of Deposit	73,643	n/a
Total Fair Value of Investments	<u>\$ 30,877,600</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, 2012. All agencies held by the City on September 30, 2012, 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, 2012, 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, 2012:

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	\$ 750,272	11.09	677,859	4.65	\$ -	n/a
U.S. Agencies & BAB's	497,555	22.76	1,055,598	23.03	-	n/a
Corporate Bonds	2,551,646	8.41	1,281,604	18.11	114,396 *	unk
Corporate Stocks	6,134,883	n/a	5,071,972	n/a	3,986,497	n/a
International Stocks	879,309	n/a	1,265,474	n/a	218,886	n/a
Total Investments	10,813,664		9,352,508		4,319,779	
Cash and Cash Equivalents	1,094,863	n/a	496,414	n/a	\$ 586,876 *	n/a
Total Cash and Investments	\$ 11,908,527		\$9,848,922		\$4,906,655	

\* 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, 17% are rated by Moody's as Baa1 to Baa3, and 26% unrated. Fire Pension investments are 46% rated by Moody's as A3 or better, 9% rated Baa1 to Baa3, with 45% 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.

*Foreign currency risk.* The police pension fund invests only in ADR's which are traded in U.S. Dollars mitigating any foreign currency risk, while firefighter pension invests in i-series foreign investment. Due to the nature of these investment vehicles, it has been determined that these investments carry a minimal risk of fluctuation in foreign currency valuation.

As of September 30, 2012, 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, 2012 were as follows:

	Accounts and Assessments Receivable	Allowance for Uncollectibles	Net Receivable
Governmental Funds	\$ 1,208,422	\$ 193,583	\$ 1,014,839
Proprietary Funds	683,103	6,109	676,994
Internal Service Funds	2,313	-	2,313
	<u>\$ 1,893,838</u>	<u>\$ 199,692</u>	<u>\$ 1,694,146</u>

**NOTE 6 CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2012 was as follows:

Governmental Capital Asset Activity

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 8,160,647	\$ 410,942	\$ -	\$ 8,571,589
Land under infrastructure	2,554,760	-	-	2,554,760
Construction in progress	985,650	2,799,879	(3,461,256)	324,273
Total capital assets, not being depreciated	<u>11,701,057</u>	<u>3,210,821</u>	<u>(3,461,256)</u>	<u>11,450,622</u>
Capital assets, being depreciated:				
Buildings	23,856,180	185,773	-	24,041,953
Improvements other than bldg.	4,056,888	32,146	-	4,089,034
Intangible assets	127,071	-	-	127,071
Equipment	1,983,769	35,745	(54,810)	1,964,704
Infrastructure	21,354,018	2,902,099	-	24,256,117
Vehicles	4,563,319	655,526	(223,939)	4,994,906
Total capital assets, being depreciated:	<u>55,941,245</u>	<u>3,811,289</u>	<u>(278,749)</u>	<u>59,473,785</u>
Less accumulated depreciation for				
Buildings	(7,430,873)	(906,498)	-	(8,337,371)
Improvements other than buildings	(2,344,245)	(239,590)	-	(2,583,835)
Intangible assets	(80,872)	(17,106)	-	(97,978)
Equipment	(1,378,579)	(186,297)	54,810	(1,510,066)
Infrastructure	(8,649,046)	(487,794)	-	(9,136,840)
Vehicles	(2,965,714)	(463,541)	216,801	(3,212,454)
Total accumulated depreciation	<u>(22,849,329)</u>	<u>(2,300,826)</u>	<u>271,611</u>	<u>(24,878,544)</u>
Total capital assets, being depreciated, net	<u>33,091,916</u>	<u>1,510,463</u>	<u>(7,138)</u>	<u>34,595,241</u>
Governmental activities capital assets, net	<u>\$ 44,792,973</u>	<u>4,721,284</u>	<u>\$ (3,468,394)</u>	<u>\$ 46,045,863</u>

Business-type Activities Capital Asset Activity

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 39,548	\$ -	\$ -	\$ 39,548
Construction in progress	30,600	138,425	-	169,025
Total capital assets, not being depreciated	<u>70,148</u>	<u>138,425</u>	<u>-</u>	<u>208,573</u>
Capital assets, being depreciated:				
Buildings	472,000	-	-	472,000
Water/sewer system	22,734,363	-	-	22,734,363
Stormwater system	3,135,522	-	(129,782)	3,005,740
Intangible Assets	102,200	-	-	102,200
Machinery and equipment	179,155	23,793	-	202,948
Total capital assets, being depreciated:	<u>26,623,240</u>	<u>23,793</u>	<u>(129,782)</u>	<u>26,517,251</u>
Less accumulated depreciation for				
Buildings	(295,000)	(11,800)	-	(306,800)
Water/sewer system	(5,492,400)	(504,447)	-	(5,996,847)
Stormwater system	(1,504,440)	(172,362)	129,782	(1,547,020)
Intangible Assets	(95,364)	(6,836)	-	(102,200)
Machinery and equipment	(160,907)	(9,052)	-	(169,959)
Total accumulated depreciation	<u>(7,548,111)</u>	<u>(704,497)</u>	<u>129,782</u>	<u>(8,122,826)</u>
Total capital assets, being depreciated, net	<u>19,075,129</u>	<u>(680,704)</u>	<u>-</u>	<u>18,394,425</u>
Business-type capital assets, net	<u>\$ 19,145,277</u>	<u>\$ (542,279)</u>	<u>\$ -</u>	<u>\$ 18,602,998</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 388,663
Public works	522,761
Police	194,940
Fire	197,216
Parks	527,817
Other physical environment	5,888
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>463,541</u>
Total depreciation expense	<u>\$ 2,300,826</u>

Depreciation expense was charged to business type activities as follows:

Water/sewer system	\$ 532,135
Stormwater system	<u>172,362</u>
Total depreciation expense	<u>\$ 704,497</u>

**NOTE 7 LEASES**

**A. Capital Leases:**

On September 30, 2012, 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 \$25,693 for the year ended September 30, 2012. The future minimum lease payments for these leases are as follows:

Year Ending September 30,	
2013	\$ 24,248
2014	15,232
2015	13,032
2016	9,362
2017	7,507
2018	<u>264</u>
Total Operating Leases	<u>\$ 69,645</u>

**NOTE 8 PUBLIC IMPROVEMENT REVENUE NOTES**

**A. Notes Payable:**

Notes payable at September 30, 2012 are comprised of the following individual obligations:

Description	Interest Rate	Original Amount	Balance at September 30, 2012
Public Improvement Refunding Revenue Note, Series 2012; Series due annually on October 1 of each year to October 1, 2027.	2.41%	\$ 4,250,000	\$ 4,250,000
Public Improvement Revenue Note, Series 2007 A; Series A due annually on October 1 of each year to October 1, 2027.	4.24%	5,000,000	-
Public Improvement Revenue Refunding Note, Series 2007 B; Series B due annually on October 1 of each year to October 1, 2015.	3.92%	2,105,000	<u>1,075,000</u>
Total Notes Payable			<u>\$ 5,325,000</u>

There are no reserve requirements for the Series 2007B or 2012 Notes, however the City covenants to budget and appropriate sufficient funds to make principal and interest payments as they become due. Public Improvement Revenue Note, Series 2007A was refinanced by Series 2012 resulting in debt service savings of \$697,026. The reacquisition price exceeded the net carrying amount of the old debt by \$29,951. This amount is being netted against the new debt and amortized over the life of the new debt, which is the same as the refunded debt.

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

Fiscal Year Ending Sept. 30,	Principal	Interest	Total Debt Service
2013	\$ 344,000	\$ 127,928	\$ 471,928
2014	493,000	124,910	617,910
2015	515,000	108,580	623,580
2016	532,000	91,584	623,584
2017	254,000	79,867	333,867
2018-2022	1,353,000	303,865	1,656,865
2023-2027	1,510,000	131,779	1,641,779
2028	324,000	3,904	327,904
<b>Totals</b>	<b>\$ 5,325,000</b>	<b>\$ 972,417</b>	<b>\$ 6,297,417</b>

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

In February 2007, the City issued a Public Improvement Revenue Note 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.

In May 2012, the City issued a Public Improvement Revenue Refunding Note Series 2012, to refinance the Public Improvement Revenue Note, Series 2007A. This refunding reduced the City's debt service payments by \$697,026 over the following 16 years and provided a net present value savings of \$577,682.

During the year ended September 30, 2012, the following changes occurred in long term liabilities:

	Balance 09/30/2011	Reductions	Additions	Balance 09/30/2012	Balance Due within One Year
<b>Governmental activities</b>					
Public Improvement Refunding Revenue Bonds Series 2012	\$ -	\$ -	\$ 4,250,000	\$ 4,250,000	\$ 89,000
Public Improvement Revenue Bonds Series 2007 A & B	5,810,000	(4,735,000)	-	1,075,000	255,000
Deferred loss on refunding	-	1,997	(29,951)	(27,954)	-
Other post employment benefits	85,089	-	29,115	114,204	-
Compensated absences	1,308,692	(85,640)	1,466	1,224,518	2,337
Governmental activity long-term liabilities	<u>\$ 7,203,781</u>	<u>\$ (4,818,643)</u>	<u>\$ 4,250,630</u>	<u>\$ 6,635,768</u>	<u>\$ 346,337</u>
<b>Business-type activities:</b>					
Other post employment benefits	\$ 7,195	\$ -	\$ 2,535	\$ 9,730	\$ -
Compensated absences	85,227	(4,048)	4,966	86,145	6,891
Business-type activity long-term liabilities	<u>\$ 92,422</u>	<u>\$ (4,048)</u>	<u>\$ 4,966</u>	<u>\$ 95,875</u>	<u>\$ 6,891</u>

The internal service funds predominantly serve other governmental funds. Accordingly, long-term liabilities for the fund are included as part of the above total for governmental activities. At year end, \$29,216 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 52 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, 2012. The cost of the insurance is allocated among the appropriate departments and funds.

The City became self-funded for employee health insurance effective July 1, 2012. As permitted by GASB Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, the City accounts for its self-funded assets, liabilities, net assets and activities in an internal service fund.

The General, Water and Sewer and Stormwater Funds participate in the program and make payments to the Health Insurance internal service fund based on the employee population in each fund. The Health Insurance Fund cover claims up to \$75,000 per individual with an aggregate limit of \$1,000,000 per individual.

The claims liability of \$152,002 represents claims processed through November 2012 which were applicable to the current fiscal year and any additional claims are deemed to be immaterial. Changes to the claims liability are as follows for the fiscal year ended September 30, 2012:

	<b>2012</b>
Claims liability, beginning of year	\$ -
Incurred claims	262,787
Payments on claims	(110,785)
Claims liability, end of year	\$ 152,002

**NOTE 10 INTERFUND ASSETS/LIABILITIES**

Transfers to/from other funds for the year ended September 30, 2012 were as follows:

Recipient Fund	Amount	Purpose
General Fund	850,000	Transfer from Water and Sewer Fund to cover costs of General Fund services provided to the Water and Sewer Fund, such as Customer Service, Finance, Human Resources, Purchasing, Information Technology Services, City Manager, City Clerk and Community Development.
General Fund	125,000	Transfer from Cemetery Fund as repayment of advance funding of operating expenditures for city cemetery.
Debt Service Funds	681,876	Transfer from the General Fund to cover the retirement of Public Improvement Revenue Refunding Note 2007A as well as the debt service payments for Public Improvement Revenue Note Series 2007 B, and Public Improvement Revenue Refunding Note Series 2012.

**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.

In accordance with GASB Statement No. 27, Accounting for Pensions by State and Local Government Employers, the cumulative net pension contribution in excess of the annual required contribution or Net Pension Obligation (NPO) at year end is presented as an asset on the City's entity-wide Statement of Net Assets. These assets, detailed below, equal \$130,780 for fiscal year 2012. In accordance with GAAP, the City recorded the direct state pension contribution from insurance premium payments in the amount of \$291,455 as an intergovernmental revenue and public safety expense in the Police and Firefighter Premium Tax Trust special revenue fund.

The annual pension cost, and required contribution for September 30, 2012, were determined as part of the actuarial valuation of the each plan as of October 1, 2010, and reviewed as part of the actuarial valuation as of October 1, 2011, 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, 2012 were as follows:

	Police Officers' Pension Fund	Firefighters' Pension Fund
Annual Required Contribution	\$ 747,271	\$ 641,708
Interest on Net Pension Obligation (NPO)	(1,128)	(7,128)
Adjustment to Annual Required Contribution	1,668	8,598
Annual Pension Cost	<u>747,811</u>	<u>643,178</u>
City and State Contributions Made	<u>(750,806)</u>	<u>(665,693)</u>
Increase/(Decrease) in NPO	(2,995)	(22,515)
NPO beginning of year	<u>(15,041)</u>	<u>(90,229)</u>
NPO end of year	<u>\$ (18,036)</u>	<u>\$ (112,744)</u>

Three Year Trend Information:

Fiscal Year Ending	Police Officers' Pension Fund		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
September 30, 2012	\$ 747,811	100%	\$ (18,036)
September 30, 2011	558,007	100%	(15,041)
September 30, 2010	468,141	100%	(13,589)

Fiscal Year Ending	Firefighters' Pension Fund		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
September 30, 2012	\$ 643,178	104%	\$ (112,744)
September 30, 2011	565,404	104%	(90,229)
September 30, 2010	664,552	103%	(66,742)

As of October 1, 2012, the most recent actuarial valuation date, the Police Officers' plan was 86.41% funded. The actuarial accrued liability (AAL) for benefits was \$13,403,692, and the actuarial value of plan assets was \$11,581,715, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,821,977. The covered payroll (annual payroll of active employees covered by the plan) was \$2,198,303, and the ratio of the UAAL to the covered payroll was 82.88%.

As of October 1, 2012, the most recent actuarial valuation date, the Firefighters' plan was 82.7% funded. The actuarial accrued liability (AAL) for benefits was \$11,833,392, and the actuarial value of plan assets was \$9,785,560, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,047,832. The covered payroll (annual payroll of active employees covered by the plan) was \$2,369,067, and the ratio of the UAAL to the covered payroll was 86.4%.

The schedule of funding progress, presented as Required Supplementary Information (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, 2012 to be reserved for the police and firefighter pension funds are \$11,928,127 and \$9,870,735, respectively. Firefighter pension plan includes two members currently in the Deferred Retirement Option Plan (DROP) with a contribution balance as of September 30, 2012, of \$219,938.

Both plans use the level percentage of pay, closed amortization method. Police Officer's fund reports a 29 year amortization period remaining while Firefighters' report a 23 year amortization period remaining.

During the past year the actuarial experience for the police plan has been more favorable than expected on the basis of actuarial assumptions. The principal component of favorable experience was average increases in pensionable earnings that were less than expected and larger than expected turnover. Partially offsetting this loss was a 5.4% investment return (Actuarial Asset Basis) that was less than the 7.5% assumption. Firefighters Pension plan experienced a net actuarial gain of \$94,171 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 7.9%. The investment return was 15.9% based on market value of assets, but only 6.2% based on actuarial value of assets. The net gain has decreased the required employer contribution by 0.47% of covered payroll.

**SUMMARY PLAN PROVISIONS:**

	<b><u>POLICE</u></b>	<b><u>FIRE</u></b>
Eligibility	All active and future Police Officers.	All active and future Firefighters, full-time or volunteer, as defined by Ordinance 1209.
Salary	Total compensation reportable on W-2, plus all tax-deferred, tax-exempt and tax-sheltered items of income.	For full-time firefighters, total compensation, exclusive of lump sum payments of vacation and sick time at termination of employment; for volunteers, annually prorated on a monthly basis.
Average Final Compensation	Average of the five (5) best years of the final 10 years of service.	Average of the five (5) best years of the final 10 years of service.
Credited Service	Total number of years and fractional parts of years measured from date of employment.	Total number of years and fractional parts of years of service, measured from date of employment.

**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>
<b><u>DISABILITY BENEFIT:</u></b>		
Line of Duty	The greater of 1) 50% of salary at the time of the disability or 2) the Member's accrued pension.	The greater of 1) 50% of compensation at the time of the Member's disability, 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.
<b><u>DEATH BENEFIT:</u></b>		
Prior to Retirement		
Line of Duty	If vested, the spouse will receive the greater of 1) 10% of the Member's yearly compensation for life or 2) the monthly actuarial equivalent of the accrued normal or early retirement benefit. If there is no Spouse, then a dependent child can receive benefit until age 18.	Beneficiary will receive the greater of 1) 10% of the Member's yearly compensation or 2) the monthly actuarial equivalent of the accrued normal or early retirement Benefit. Benefit is paid for life, with 10 years certain.
Not-in-Line of Duty	If member was vested - Actuarial equivalent of accrued benefit. If the member is not vested, Refund of the Member's Accumulated Contributions.	If the Member was vested, one half of the Line of Duty Benefit, if the Member was not vested, Refund of the Member's Contributions plus 5% compound annual interest.
After Retirement	Optional forms that are actuarially equivalent to the normal form of benefit may be chosen with permission of the board.	Optional forms that are actuarially equivalent to the normal form of benefit may be chosen with permission of the board.
<b><u>CONTRIBUTIONS:</u></b>		
Plan Members	5.0% of Salary	5.0% of Salary
City	27.6% of Salary	22.88% of Salary
Annual Pension Cost	747,811	643,178
Contributions Made	750,806	665,693
<b><u>ACTUARIAL VALUATION:</u></b>		
Frequency	Annual	Annual
Latest Date	10/1/2012	10/1/2012
Basis for Contribution	10/1/2011	10/1/2011
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
<b><u>ACTUARIAL ASSUMPTIONS:</u></b>		
	<u>POLICE</u>	<u>FIRE</u>
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)

City of Lake Mary, Florida  
Notes to the Financial Statements  
September 30, 2012

ACTUARIAL ASSUMPTIONS (continued)	<u>POLICE</u>	<u>FIRE</u>
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.	7.9% 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	5.44%	0.03%
25	4.89%	0.03%
30	3.70%	0.04%
35	2.35%	0.05%
40	1.13%	0.07%
45	0.27%	0.10%
50	0.00%	0.18%

**MEMBERS:**

	<u>POLICE</u>	<u>FIRE</u>
Active Participants:		
Vested	22	30
Non-vested	16	6
Service Retirees & Beneficiaries	12	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, 2012, payroll for the employees covered by this plan was \$4,024,711. Employer contributions required and made were \$417,834, with matching contributions of \$79,667. During FY 2012, the City was able to reallocate forfeited funds remaining in the plan to reduce its cash contribution by \$28,325. Voluntary employee contributions and roll-over contributions during the fiscal year were \$230,636. As of September 30, 2012, participation in the plan consisted of 96 active members. The outstanding employee loan amount at September 30, 2011 was \$18,243.

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:

<b>City of Lake Mary, Florida</b>			
<b>Individual Statement of Pension Fund Net Assets</b>			
<b>Fiduciary Funds</b>			
<b>As of September 30, 2012</b>			
	Police Pension Trust	Fire Pension Trust	General Employees Pension
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,094,863	\$ 496,414	\$ 586,876
Receivables:			
Interest receivable	40,992	42,174	-
Notes receivable - employee	-	-	18,243
Total receivables	<u>40,992</u>	<u>42,174</u>	<u>18,243</u>
Investments at fair value			
Domestic corporate & Govt bonds	3,799,472	3,015,062	114,396
Domestic stocks	7,014,192	5,071,972	3,986,497
Other securities	-	1,265,474	218,886
Total investments	<u>10,813,664</u>	<u>9,352,508</u>	<u>4,319,779</u>
Total assets	<u>11,949,519</u>	<u>9,891,096</u>	<u>4,924,898</u>
<b>LIABILITIES</b>			
Accounts payable	21,392	20,361	-
Total liabilities	<u>21,392</u>	<u>20,361</u>	<u>-</u>
<b>NET ASSETS</b>			
Held in trust for pension benefits	<u>\$ 11,928,127</u>	<u>\$ 9,870,735</u>	<u>\$ 4,924,898</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, 2012**

	Police Pension Trust	Fire Pension Trust	General Employees Pension
<b>ADDITIONS</b>			
Contributions:			
Employer contributions	\$ 621,356	\$ 503,688	\$ 469,176
State contributions	129,450	162,005	-
Employee contributions	111,201	110,070	230,636
Total contributions	<u>862,007</u>	<u>775,763</u>	<u>699,812</u>
Investment earnings			
Interest	300,205	264,410	-
Net increase (decrease) in fair value of investments	1,498,086	1,100,475	733,247
Net investment earnings (loss)	1,798,291	1,364,885	733,247
Total additions	<u>2,660,298</u>	<u>2,140,648</u>	<u>1,433,059</u>
<b>DEDUCTIONS</b>			
Benefit payments	413,590	135,571	926,504
Refunds of contributions	9,716	171,764	-
Administrative expenses	108,430	73,856	1,569
Total deductions	<u>531,736</u>	<u>381,191</u>	<u>928,073</u>
Change in net assets	2,128,562	1,759,457	504,986
Net assets - beginning	9,799,565	8,111,278	4,419,912
Net assets - ending	<u>\$ 11,928,127</u>	<u>\$ 9,870,735</u>	<u>\$ 4,924,898</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 four 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, 2012. At that point in time, the unfunded actuarial accrued liability (UAAL) for benefits was \$304,102. The covered payroll was \$9,164,485 and the ratio of UAAL to covered payroll was 3.3%.

The annual required contribution and Net OPEB Obligation for the fiscal year ended September 30, 2012 is as follows:

City of Lake Mary Retiree Continuation Insurance Plan

Annual Required contribution	\$ 42,780
Interest on net OPEB Obligation	2,769
Adjustment to annual required contribution	<u>(10,504)</u>
Annual OPEB Cost	<u>35,045</u>
Employer Contributions	<u>(3,396)</u>
Increase in Net OPEB Obligation	<u>31,649</u>
Net OPEB Obligation (beginning of year)	<u>92,284</u>
Net OPEB Obligation (end of year)	<u>\$ 123,933</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, 2012	\$ 35,045	9.69%	\$ 123,934
September 30, 2011	22,370	26.64%	92,284
September 30, 2010	17,251	0%	75,873

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.

Discount Rate:   Unfunded plan: 3%  
                          Funded plan: 6%

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

Inflation Rate: is included as part of the Health Care Costs Trend Rates.

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
2013	10.00%	2017	8.00%	2021	6.00%
2014	9.50%	2018	7.50%	2022	5.50%
2015	9.00%	2019	7.00%	and later	
2016	8.50%	2020	6.50%		

Sample Annual Termination Rates:

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

Annual Rates of Retirement:

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

Monthly Claim Cost

<u>Age</u>	<u>Medical</u> <u>Per Participant</u>	<u>Dental</u> <u>Per Participant</u>
50	\$ 653.95	\$ 29.18
55	722.01	29.18
60	797.16	29.18
64	862.87	29.18

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 PPO 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% of participants are married, 5% will elect spousal coverage and male is 3 years older than female.

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 medical, prescription drug and dental 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 preferred provider organization (PPO) 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 PPO 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, 2012, the City believes that it has not experienced an obligating event as defined in this statement.

**CITY OF LAKE MARY, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2012**

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)
10/1/2012	\$ 11,581,715	\$ 13,403,692	\$ 1,821,977	86.4%	\$ 2,198,303	82.9%
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%

Schedule of Contributions from Employers and Other Contributing Entities

Fiscal Year Ending	Annual Required Contribution (ARC)	Actual Contribution	Percentage of ARC Contributed
September 30, 2012	\$ 747,271	\$ 750,806	100.47%
September 30, 2011	689,413	691,416	100.29%
September 30, 2010	596,821	596,821	100.00%
September 30, 2009	565,126	565,126	100.00%
September 30, 2008	586,438	601,120	102.50%

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)
10/1/2012	\$ 9,785,560	\$ 11,833,392	\$ 2,047,832	82.7%	\$ 2,369,067	86.4%
10/1/2011	8,797,108	10,746,367	1,949,259	81.9%	2,369,262	82.3%
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%

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, 2012	\$ 641,708	\$ 665,693	103.74%
September 30, 2011	563,380	588,891	104.53%
September 30, 2010	662,704	682,641	103.01%
September 30, 2009	694,956	711,332	102.36%
September 30, 2008	591,599	647,041	109.37%

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) - Entry Age (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>
10/1/2012	\$ -	\$ 304,102	\$ 304,102	0.0%	\$ 9,164,485	3.3%
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>Actual Contribution</u>	<u>Net OPEB Obligation</u>
September 30, 2012	\$ 42,780	3,396	\$ 123,934
September 30, 2011	28,729	5,959	92,284
September 30, 2010	21,550	-	75,873
September 30, 2009	21,550	-	61,556
September 30, 2008	21,550	-	40,006

# **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.

## **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, 2012**

	Special Revenue				
	Police Education Fund	Police Impact Fees	Fire Impact Fees	Public Works Impact Fees	Recreation Impact Fees
<b>ASSETS</b>					
Cash and cash equivalents	\$ 80,370	\$ 185,772	\$ 91,320	\$ 18,836	\$ 57,473
Investments	47,776	202,049	18,357	983	39,001
Interest receivable	184	570	404	28	138
Prepaid items	-	-	-	-	-
Total assets	<u>\$ 128,330</u>	<u>\$ 388,391</u>	<u>\$ 110,081</u>	<u>\$ 19,847</u>	<u>\$ 96,612</u>
<b>LIABILITIES</b>					
Accounts payable	885	-	9,599	-	-
Retainage payable	-	-	-	-	-
Total liabilities	<u>885</u>	<u>-</u>	<u>9,599</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Non spendable:	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted:	127,445	388,391	100,482	19,847	96,612
Committed:	-	-	-	-	-
Total fund balance	<u>127,445</u>	<u>388,391</u>	<u>100,482</u>	<u>19,847</u>	<u>96,612</u>
Total liabilities and fund balances	<u>\$ 128,330</u>	<u>\$ 388,391</u>	<u>\$ 110,081</u>	<u>\$ 19,847</u>	<u>\$ 96,612</u>

Special Revenue			Capital Projects	
Law Enforcement Trust	Cemetery Fund	Total	Capital Project Fund	Total Nonmajor Governmental Funds
\$ 99,993	\$ 27,153	\$ 560,917	\$ 945,358	\$ 1,506,275
114,627	17	422,810	17,887	440,697
301	16	1,641	1,382	3,023
-	-	-	15,000	15,000
<u>\$ 214,921</u>	<u>\$ 27,186</u>	<u>\$ 985,368</u>	<u>\$ 979,627</u>	<u>\$ 1,964,995</u>
4,091	-	14,575	113,574	128,149
-	-	-	19,217	19,217
<u>4,091</u>	<u>-</u>	<u>14,575</u>	<u>132,791</u>	<u>147,366</u>
\$ -	\$ -	\$ -	\$ 15,000	\$ 15,000
210,830	27,186	970,793	-	970,793
-	-	-	831,836	831,836
<u>210,830</u>	<u>27,186</u>	<u>970,793</u>	<u>846,836</u>	<u>1,817,629</u>
<u>\$ 214,921</u>	<u>\$ 27,186</u>	<u>\$ 985,368</u>	<u>\$ 979,627</u>	<u>\$ 1,964,995</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, 2012**

	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
<b>REVENUES</b>							
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Impact fees/assessments	-	48,804	119,607	9,501	34,580	-	-
Fines and forfeitures	8,171	-	-	-	-	20,551	-
Intergovernmental revenues	-	-	-	-	-	-	291,455
Investment income	1,415	4,499	3,060	483	981	2,389	-
Total revenues	<u>9,586</u>	<u>53,303</u>	<u>122,667</u>	<u>9,984</u>	<u>35,561</u>	<u>22,940</u>	<u>291,455</u>
<b>EXPENDITURES</b>							
Current:							
General government	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Public safety	9,240	9,426	-	-	-	34,094	291,455
Other physical environment	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public works	-	-	-	41,819	-	-	-
Public safety	-	52,742	209,167	-	-	1,875	-
Parks and recreation	-	-	-	-	-	-	-
Other physical environment	-	-	-	-	-	-	-
Total expenditures	<u>9,240</u>	<u>62,168</u>	<u>209,167</u>	<u>41,819</u>	<u>-</u>	<u>35,969</u>	<u>291,455</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>346</u>	<u>(8,865)</u>	<u>(86,500)</u>	<u>(31,835)</u>	<u>35,561</u>	<u>(13,029)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers out	-	-	-	-	-	-	-
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	346	(8,865)	(86,500)	(31,835)	35,561	(13,029)	-
Fund Balances - beginning	<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>
Fund Balances - end	<u>\$ 127,445</u>	<u>\$ 388,391</u>	<u>\$ 100,482</u>	<u>\$ 19,847</u>	<u>\$ 96,612</u>	<u>\$ 210,830</u>	<u>\$ -</u>

<u>Special Revenue Funds</u>		<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Lake Mary Cemetery</u>	<u>Total</u>	<u>General Projects</u>	
\$ 6,200	\$ 6,200	\$ -	\$ 6,200
-	212,492	-	212,492
-	28,722	-	28,722
-	291,455	148,549	440,004
92	12,919	11,634	24,553
<u>6,292</u>	<u>551,788</u>	<u>160,183</u>	<u>711,971</u>
-	-	3,452	3,452
-	-	52,386	52,386
-	344,215	230,965	575,180
5,802	5,802	-	5,802
-	-	585,598	585,598
-	41,819	252,043	293,862
-	263,784	19,000	282,784
-	-	12,935	12,935
32,146	32,146	-	32,146
<u>37,948</u>	<u>687,766</u>	<u>1,156,379</u>	<u>1,844,145</u>
<u>(31,656)</u>	<u>(135,978)</u>	<u>(996,196)</u>	<u>(1,132,174)</u>
<u>(125,000)</u>	<u>(125,000)</u>	<u>-</u>	<u>(125,000)</u>
<u>(125,000)</u>	<u>(125,000)</u>	<u>-</u>	<u>(125,000)</u>
(156,656)	(260,978)	(996,196)	(1,257,174)
<u>183,842</u>	<u>1,231,771</u>	<u>1,843,032</u>	<u>3,074,803</u>
<u>\$ 27,186</u>	<u>\$ 970,793</u>	<u>\$ 846,836</u>	<u>\$ 1,817,629</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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fines and forfeitures	\$ 6,500	\$ 6,500	\$ 8,171	\$ 1,671
Investment income	425	425	1,415	990
Total revenues	6,925	6,925	9,586	2,661
<b>EXPENDITURES</b>				
Current:				
Public safety	16,800	16,800	9,240	7,560
Total expenditures	16,800	16,800	9,240	7,560
Excess (deficiencies) of revenues over (under) expenditures*	(9,875)	(9,875)	346	10,221
Fund balances at beginning of year	127,099	127,099	127,099	-
Fund balances at end of year	\$ 117,224	\$ 117,224	\$ 127,445	\$ 10,221

\*The net change in fund balances was included in the budget as an appropriation (i.e., spenddown) of fund balance.

**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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Impact fees/assessments	\$ 24,750	\$ 25,750	\$ 48,804	\$ 23,054
Investment income	1,250	1,250	4,499	3,249
Total revenues	<u>26,000</u>	<u>27,000</u>	<u>53,303</u>	<u>26,303</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	-	-	9,426	(9,426)
Capital outlay:				
Public safety	25,285	62,285	52,742	9,543
Total expenditures	<u>25,285</u>	<u>62,285</u>	<u>62,168</u>	<u>117</u>
Excess (deficiencies) of revenues over (under) expenditures*	<u>715</u>	<u>(35,285)</u>	<u>(8,865)</u>	<u>26,420</u>
Fund balances at beginning of year	397,256	397,256	397,256	-
Fund balances at end of year	<u>\$ 397,971</u>	<u>\$ 361,971</u>	<u>\$ 388,391</u>	<u>\$ 26,420</u>

\*The net change in fund balances was included in the budget as an appropriation (i.e., spenddown) of fund balance.

**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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
	REVENUES			
Impact fees/assessments	\$ 25,285	\$ 117,591	\$ 119,607	\$ 2,016
Investment income	750	750	3,060	2,310
Total revenues	26,035	118,341	122,667	4,326
EXPENDITURES				
Capital outlay:				
Public safety	-	212,306	209,167	3,139
Total expenditures	-	212,306	209,167	3,139
Excess (deficiencies) of revenues over (under) expenditures*	26,035	(93,965)	(86,500)	7,465
Fund balances at beginning of year	186,982	186,982	186,982	-
Fund balances at end of year	\$ 213,017	\$ 93,017	\$ 100,482	\$ 7,465

\*The net change in fund balances was included in the budget as an appropriation (i.e., spenddown) of fund balance.

**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, 2012**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		with Final Budget - Positive (Negative)
	Original	Final		Actual Amounts
<b>REVENUES</b>				
Impact fees/assessments	\$ 9,450	\$ 9,450	\$ 9,501	\$ 51
Investment income	225	225	483	258
Total revenues	<u>9,675</u>	<u>9,675</u>	<u>9,984</u>	<u>309</u>
<b>EXPENDITURES</b>				
Capital outlay:				
Public works	42,000	42,000	41,819	181
Total expenditures	<u>42,000</u>	<u>42,000</u>	<u>41,819</u>	<u>181</u>
Excess (deficiencies) of revenues over (under) expenditures*	<u>(32,325)</u>	<u>(32,325)</u>	<u>(31,835)</u>	<u>490</u>
Fund balances at beginning of year	51,682	51,682	51,682	-
Fund balances at end of year	<u>\$ 19,357</u>	<u>\$ 19,357</u>	<u>\$ 19,847</u>	<u>\$ 490</u>

\*The net change in fund balances was included in the budget as an appropriation (i.e., spenddown) of fund balance.

**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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Impact fees/assessments	\$ 50,250	\$ 50,250	\$ 34,580	\$ (15,670)
Investment income	450	450	981	531
Total revenues	<u>50,700</u>	<u>50,700</u>	<u>35,561</u>	<u>(15,139)</u>
<b>EXPENDITURES</b>				
Capital outlay:				
Parks and recreation	<u>21,205</u>	<u>21,205</u>	<u>-</u>	<u>21,205</u>
Total expenditures	<u>21,205</u>	<u>21,205</u>	<u>-</u>	<u>21,205</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>29,495</u>	<u>29,495</u>	<u>35,561</u>	<u>6,066</u>
Fund balances at beginning of year	<u>61,051</u>	<u>61,051</u>	<u>61,051</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 90,546</u></u>	<u><u>\$ 90,546</u></u>	<u><u>\$ 96,612</u></u>	<u><u>\$ 6,066</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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fines and forfeitures	\$ -	\$ 9,564	\$ 20,551	\$ 10,987
Investment income	750	750	2,389	1,639
Total revenues	750	10,314	22,940	12,626
<b>EXPENDITURES</b>				
Current:				
Public Safety	10,500	27,531	34,094	(6,563)
Capital outlay:				
Public safety	-	9,593	1,875	7,718
Total expenditures	10,500	37,124	35,969	1,155
Excess (deficiencies) of revenues over (under) expenditures*	(9,750)	(26,810)	(13,029)	13,781
Fund balances at beginning of year	223,859	223,859	223,859	-
Fund balances at end of year	\$ 214,109	\$ 197,049	\$ 210,830	\$ 13,781

\*The net change in fund balances was included in the budget as an appropriation (i.e., spenddown) of fund balance.

**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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Cemetery sales (charges for services)	\$ 4,000	\$ 4,000	\$ 6,200	\$ 2,200
Investment income	25	25	92	67
Total revenues	4,025	4,025	6,292	2,267
<b>EXPENDITURES</b>				
Current:				
Other physical environment	4,000	4,000	5,802	(1,802)
Capital outlay:				
Other physical environment	-	35,119	32,146	2,973
Total expenditures	4,000	39,119	37,948	1,171
Excess (deficiencies) of revenues over (under) expenditures*	25	(35,094)	(31,656)	3,438
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	(125,000)	(125,000)	-
Total other financing sources and uses	-	(125,000)	(125,000)	-
Net change in fund balances	25	(160,094)	(156,656)	3,438
Fund balances at beginning of year	183,842	183,842	183,842	-
Fund balances at end of year	\$ 183,867	\$ 23,748	\$ 27,186	\$ 3,438

\*The net change in fund balances was included in the budget as an appropriation (i.e., spenddown) of fund balance.

## **Internal Service Funds**

FLEET MAINTENANCE FUND - This fund is used to account for the City's fleet maintenance operations and vehicle rental to other departments.

HEALTH INSURANCE FUND - This fund is used to account for the provision of health benefits to City employees, dependents and retirees through the City's self-funded program.

**City of Lake Mary, Florida**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**As of September 30, 2012**

	Fleet Maintenance Fund	Health Insurance Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,366,200	\$ 288,553	\$ 1,654,753
Investments	1,811,746	441	1,812,187
Interest receivable	4,321	418	4,739
Accounts receivable (net of allowance for uncollectibles)	2,313	-	2,313
Due from other funds	-	42,646	42,646
Inventories	35,190	-	35,190
Health insurance claims escrow	-	59,000	59,000
Total current assets	<u>3,219,770</u>	<u>391,058</u>	<u>3,610,828</u>
Capital assets:			
Vehicles	4,994,906	-	4,994,906
Less accumulated depreciation	<u>(3,212,454)</u>	<u>-</u>	<u>(3,212,454)</u>
Total capital assets (net of accumulated depreciation)	<u>1,782,452</u>	<u>-</u>	<u>1,782,452</u>
Total noncurrent assets	<u>1,782,452</u>	<u>-</u>	<u>1,782,452</u>
Total assets	<u>\$ 5,002,222</u>	<u>\$ 391,058</u>	<u>\$ 5,393,280</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$ 9,762	\$ 156,294	\$ 166,056
Accrued liabilities	5,875	-	5,875
Due to other funds	758	200,000	200,758
Compensated absences	2,337	-	2,337
Total current liabilities	<u>18,732</u>	<u>356,294</u>	<u>375,026</u>
Noncurrent liabilities			
Compensated absences	<u>26,879</u>	<u>-</u>	<u>26,879</u>
Total noncurrent liabilities	<u>26,879</u>	<u>-</u>	<u>26,879</u>
Total liabilities	<u>45,611</u>	<u>356,294</u>	<u>401,905</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,782,452	-	1,782,452
Unrestricted	<u>3,174,159</u>	<u>34,764</u>	<u>3,208,923</u>
Total net assets	<u>\$ 4,956,611</u>	<u>\$ 34,764</u>	<u>\$ 4,991,375</u>

**City of Lake Mary, Florida**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Internal Service Funds**  
**For the Year Ended September 30, 2012**

	<u>Fleet Maintenance Fund</u>	<u>Health Insurance Fund</u>	<u>Totals</u>
<b>Operating revenues:</b>			
Charges for sales and services:			
Fleet service charges	\$ 755,326	\$ -	\$ 755,326
Insurance charges	-	373,602	373,602
Other service charges	11,940	-	11,940
Miscellaneous revenue	-	3,363	3,363
Total operating revenues	<u>767,266</u>	<u>376,965</u>	<u>1,144,231</u>
Operating expenses			
Costs of operations	249,035	343,577	592,612
Depreciation	<u>463,541</u>	<u>-</u>	<u>463,541</u>
Total operating expenses	<u>712,576</u>	<u>343,577</u>	<u>1,056,153</u>
Operating income (loss)	<u>54,690</u>	<u>33,388</u>	<u>88,078</u>
Nonoperating revenues (expenses):			
Investment income	33,390	1,376	34,766
Gain (loss) on sale of capital assets	<u>27,446</u>	<u>-</u>	<u>27,446</u>
Total nonoperating revenue (expense)	<u>60,836</u>	<u>1,376</u>	<u>62,212</u>
Income (loss) before contributions and transfers	<u>115,526</u>	<u>34,764</u>	<u>150,290</u>
Capital contributions	<u>294,175</u>	<u>-</u>	<u>294,175</u>
Change in net assets	<u>409,701</u>	<u>34,764</u>	<u>444,465</u>
Total net assets - beginning	<u>4,546,910</u>	<u>-</u>	<u>4,546,910</u>
Total net assets - ending	<u>\$ 4,956,611</u>	<u>\$ 34,764</u>	<u>\$ 4,991,375</u>

**City of Lake Mary Florida**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended September 30, 2012**

	Fleet Maintenance Fund	Health Insurance Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from interfund services provided	\$ 767,266	\$ 330,956	\$ 1,098,222
Other operating cash receipts	-	3,363	3,363
Payments to suppliers	(53,041)	(187,283)	(240,324)
Payments to employees	(191,399)	-	(191,399)
Net cash provided by operating activities	<u>522,826</u>	<u>147,036</u>	<u>669,862</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Due to other funds	-	200,000	200,000
Health insurance claims escrow	-	(59,000)	(59,000)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>141,000</u>	<u>141,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(361,351)	-	(361,351)
Proceeds from sales of capital assets	32,271	-	32,271
Net cash provided (used) by capital and related financing activities	<u>(329,080)</u>	<u>-</u>	<u>(329,080)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sales or maturities of investments	777,709	-	777,709
Purchases of investments	(250,000)	-	(250,000)
Interest and dividends received	28,197	517	28,714
Net cash provided (used) by investing activities	<u>555,906</u>	<u>517</u>	<u>556,423</u>
Net increase (decrease) in cash and cash equivalents	749,652	288,553	1,038,205
Cash and cash equivalents October 1	616,548	-	616,548
Cash and cash equivalents September 30	<u>\$ 1,366,200</u>	<u>\$ 288,553</u>	<u>\$ 1,654,753</u>

	Fleet Maintenance Fund	Health Insurance Fund	Totals
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 54,690	\$ 33,388	\$ 88,078
Adjustments to reconcile operating			
Depreciation expense	463,541	-	463,541
(Increase) decrease in customer			
accounts receivable	-	(42,646)	(42,646)
(Increase) decrease in inventory	90	-	90
Increase (decrease) in accounts payable	2,053	156,294	158,347
Increase (decrease) accrued expenses	228	-	228
Increase (decrease) in compensated			
absences payable	1,466	-	1,466
Increase (decrease) in due to other funds	758	-	758
	<u>468,136</u>	<u>113,648</u>	<u>581,784</u>
Total adjustments			
Net cash provided by operating activities	<u>\$ 522,826</u>	<u>\$ 147,036</u>	<u>\$ 669,862</u>

The Vehicle Maintenance Internal Service Fund has a non-cash gain in the fair value of investments of \$3,987, a non-cash contribution from other governmental funds of \$287,823, and a non-cash contribution of \$6,352 from outside sources. The Health Insurance Internal Service Fund has a non-cash gain in the fair value of investments of \$441.



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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, 2012**

	Police Pension Trust	Fire Pension Trust	General Employees Pension	Total Employee Pension Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,094,863	\$ 496,414	\$ 586,876	\$ 2,178,153
Receivables:				
Interest receivable	40,992	42,174	-	83,166
Notes receivable - employee	-	-	18,243	18,243
Total receivables	40,992	42,174	18,243	101,409
Investments at fair value				
U.S. Government obligations		-	-	
Domestic corporate & Govt bonds	3,799,472	3,015,062	114,396	6,928,930
Domestic stocks	7,014,192	5,071,972	3,986,497	16,072,661
Other securities	-	1,265,474	218,886	1,484,360
Total investments	10,813,664	9,352,508	4,319,779	24,485,951
Total assets	11,949,519	9,891,096	4,924,898	26,765,513
<b>LIABILITIES</b>				
Accounts payable	21,392	20,361	-	41,753
Total liabilities	21,392	20,361	-	41,753
<b>NET ASSETS</b>				
Held in trust for pension benefits	\$ 11,928,127	\$ 9,870,735	\$ 4,924,898	\$ 26,723,760

**City of Lake Mary, Florida**  
**Combining Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended September 30, 2012**

	Police Pension Trust	Fire Pension Trust	General Employees Pension	Total Employee Pension Funds
<b>ADDITIONS</b>				
Contributions:				
Employer contributions	\$ 621,356	\$ 503,688	\$ 469,176	\$ 1,594,220
State contributions	129,450	162,005	-	291,455
Employee contributions	111,201	110,070	230,636	451,907
Total contributions	<u>862,007</u>	<u>775,763</u>	<u>699,812</u>	<u>2,337,582</u>
Investment earnings				
Interest	300,205	264,410	-	564,615
Net increase (decrease) in fair value of investments	1,498,086	1,100,475	733,247	3,331,808
Net investment earnings (loss)	<u>1,798,291</u>	<u>1,364,885</u>	<u>733,247</u>	<u>3,896,423</u>
Total additions	<u>2,660,298</u>	<u>2,140,648</u>	<u>1,433,059</u>	<u>6,234,005</u>
<b>DEDUCTIONS</b>				
Benefit payments	413,590	135,571	926,504	1,475,665
Refunds of contributions	9,716	171,764	-	181,480
Administrative expenses	108,430	73,856	1,569	183,855
Total deductions	<u>531,736</u>	<u>381,191</u>	<u>928,073</u>	<u>1,841,000</u>
Change in net assets	2,128,562	1,759,457	504,986	4,393,005
Net assets - beginning	<u>9,799,565</u>	<u>8,111,278</u>	<u>4,419,912</u>	<u>22,330,755</u>
Net assets - ending	<u>\$ 11,928,127</u>	<u>\$ 9,870,735</u>	<u>\$ 4,924,898</u>	<u>\$ 26,723,760</u>



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# Statistical Section

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

<b>Contents</b>	<b>Page</b>
Financial Trends	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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Governmental activities</b>				
Invested in capital assets, net of related debt	\$ 8,061	\$ 10,960	\$ 18,759	\$ 17,684
Restricted	8,901	7,678	2,257	2,266
Unrestricted	<u>9,524</u>	<u>10,583</u>	<u>11,293</u>	<u>14,156</u>
Total governmental activities net assets	<u>\$ 26,486</u>	<u>\$ 29,221</u>	<u>\$ 32,309</u>	<u>\$ 34,106</u>
<b>Business-type activities</b>				
Invested in capital assets, net of related debt	\$ 14,044	\$ 14,983	\$ 15,551	\$ 18,365
Restricted	1,049	1,145	2,189	2,455
Unrestricted	<u>9,381</u>	<u>10,127</u>	<u>12,280</u>	<u>10,942</u>
Total business-type activities net assets	<u>\$ 24,474</u>	<u>\$ 26,255</u>	<u>\$ 30,020</u>	<u>\$ 31,762</u>
<b>Primary government</b>				
Invested in capital assets, net of related debt	\$ 22,105	\$ 25,943	\$ 34,310	\$ 36,049
Restricted	9,950	8,823	4,446	4,721
Unrestricted	<u>18,905</u>	<u>20,710</u>	<u>23,573</u>	<u>25,098</u>
Total primary government net assets	<u>\$ 50,960</u>	<u>\$ 55,476</u>	<u>\$ 62,329</u>	<u>\$ 65,868</u>

Note

\*\* 2007 Recorded Infrastructure Assets

Fiscal Year					
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 32,197	\$ 37,033	\$ 37,040	\$ 37,301	\$ 39,025	\$ 40,789
6,983	2,351	2,592	1,819	5,610	2,563
<u>12,730</u>	<u>13,884</u>	<u>16,397</u>	<u>18,802</u>	<u>18,540</u>	<u>19,827</u>
<u>\$ 51,910</u>	<u>\$ 53,268</u>	<u>\$ 56,029</u>	<u>\$ 57,922</u>	<u>\$ 63,175</u>	<u>\$ 63,179</u>
\$ 19,595	\$ 19,791	\$ 20,119	\$ 19,855	\$ 19,145	\$ 18,603
2,704	1,623	621	634	719	747
<u>10,564</u>	<u>11,800</u>	<u>12,855</u>	<u>13,316</u>	<u>14,100</u>	<u>14,861</u>
<u>\$ 32,863</u>	<u>\$ 33,214</u>	<u>\$ 33,595</u>	<u>\$ 33,805</u>	<u>\$ 33,964</u>	<u>\$ 34,211</u>
\$ 51,792	\$ 56,824	\$ 57,159	\$ 57,156	\$ 58,170	\$ 59,392
9,687	3,974	3,213	2,453	6,329	3,310
<u>23,294</u>	<u>25,733</u>	<u>29,252</u>	<u>32,118</u>	<u>32,640</u>	<u>34,688</u>
<u>\$ 84,773</u>	<u>\$ 86,531</u>	<u>\$ 89,624</u>	<u>\$ 91,727</u>	<u>\$ 97,139</u>	<u>\$ 97,390</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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:										
General government	\$ 2,266	\$ 3,187	\$ 2,492	\$ 2,687	\$ 2,932	\$ 2,940	\$ 3,457	\$ 3,591	\$ 3,494	\$ 3,998
Public works	816	2,987	1,184	773	1,620	1,452	1,415	2,867	1,420	1,178
Public safety	6,546	7,402	8,082	9,725	10,537	10,724	10,146	9,605	9,982	10,392
Parks and recreation	2,190	1,598	1,747	1,857	2,020	2,514	2,563	2,449	2,453	2,516
Other physical environment	-	-	-	-	-	-	-	-	21	12
Interest & other fiscal charges on long-term debt	332	389	345	318	294	449	411	367	303	267
Total governmental activities expenses	<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>	<u>18,363</u>
Business-type activities:										
Water & Sewer	2,114	2,479	2,447	2,520	2,899	3,025	3,033	3,119	3,546	3,401
Stormwater	160	239	275	282	307	326	374	374	404	331
Total business-type activities expenses	<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>	<u>\$ 3,732</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 203	\$ 234	\$ 343	\$ 238	\$ 243	\$ 217	\$ 176	\$ 184	\$ 277	\$ 255
Public works	4	4	5	13	5	7	1	1	1	10
Public safety	1,176	1,128	1,320	1,948	1,255	1,647	1,248	1,194	1,334	1,853
Parks and recreation	219	209	213	319	207	316	607	651	678	705
Other physical environment	-	-	-	-	-	-	-	-	4	6
Operating grants and contributions	665	2,772	957	764	654	492	917	604	593	692
Capital grants and contributions	524	807	140	249	182	242	185	2,236	4,994	313
Total governmental activities program revenues	<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>	<u>3,834</u>
Business-type activities:										
Charges for services:										
Water & Sewer	3,283	3,474	3,411	3,794	3,835	3,673	3,905	3,997	4,463	4,337
Stormwater	236	242	248	251	263	270	283	279	281	284
Capital grants and contributions	417	1,251	1,241	305	249	130	40	13	85	37
Total business-type activities program revenues	<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>	<u>4,658</u>
Total government program revenues	<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>	<u>\$ 8,492</u>

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net (expense)/revenue										
Governmental activities	\$ (9,359)	\$ (10,409)	\$ (10,872)	\$ (11,829)	\$ (14,857)	\$ (15,158)	\$ (14,858)	\$ (14,009)	\$ (9,792)	\$ (14,529)
Business-type activities	1,662	2,249	2,178	1,548	1,141	722	821	796	879	926
Total government net expense	<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>	<u>\$ (13,603)</u>

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

##### Governmental activities:

Taxes										
Property taxes	\$ 5,038	\$ 6,056	\$ 6,033	\$ 6,534	\$ 7,687	\$ 7,762	\$ 7,919	\$ 7,326	\$ 6,471	\$ 6,073
Franchise and utility taxes	4,707	5,040	5,449	6,001	6,224	6,136	6,938	6,736	6,307	6,110
Unrestricted intergovernmental revenues	972	1,063	1,240	1,382	1,264	1,142	1,020	1,008	1,008	1,011
Unrestricted investment earnings	336	280	341	720	1,159	572	654	386	247	277
Miscellaneous revenues	69	81	241	173	158	168	135	196	16	52
Special Item - return of contribution	-	-	-	-	-	-	-	(600)	146	160
Transfers	550	625	655	655	725	785	905	850	850	850
Total governmental activities	<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>	<u>14,533</u>
Business-type activities:										
Investment earnings	195	157	271	573	685	414	464	254	129	171
Miscellaneous revenues	-	-	1,970	276	-	-	-	10	1	-
Transfers	(550)	(625)	(655)	(655)	(725)	(785)	(905)	(850)	(850)	(850)
Total business-type activities	<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>	<u>(679)</u>
Total government	<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>	<u>\$ 13,854</u>

#### Change in Net Assets

Governmental activities	\$ 2,313	\$ 2,736	\$ 3,087	\$ 3,636	\$ 2,360	\$ 1,407	\$ 2,713	\$ 1,893	\$ 5,253	\$ 4
Business-type activities	1,307	1,781	3,764	1,742	1,101	351	380	210	159	247
Total government	<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>	<u>\$ 251</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
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
2012	6,073	2,200	3,910	12,183

**Taxes included in Unrestricted Intergovernmental Revenues**

Fiscal Year	Sales Tax	State Revenue Sharing	Other	Total
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
2012	800	200	10	1,010



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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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General fund				
Nonspendable:				
Inventory	\$ 4	\$ 5	\$ 11	\$ 10
Assigned to:				
Debt service	1,299	1,150	1,255	1,457
Health insurance benefits	-	-	-	-
Subsequent year expenditures	1,374	1,763	62	300
Unassigned:	<u>5,374</u>	<u>3,946</u>	<u>8,517</u>	<u>10,629</u>
Total general fund	<u>\$ 8,051</u>	<u>\$ 6,864</u>	<u>\$ 9,845</u>	<u>\$ 12,396</u>
All other governmental funds				
Nonspendable:				
Inventory/Prepays	-	-	-	-
Restricted for:				
Public works	147	88	86	53
Public safety	932	976	759	846
Parks and recreation	119	87	59	127
Other physical environment	-	-	-	-
Other capital projects	-	-	-	-
Committed to:				
Debt service	98	138	41	40
Other capital projects	<u>8,901</u>	<u>7,678</u>	<u>2,256</u>	<u>2,266</u>
Total all other governmental funds	<u>\$ 10,197</u>	<u>\$ 8,967</u>	<u>\$ 3,201</u>	<u>\$ 3,332</u>

Fiscal Year					
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 7	\$ 8	\$ 5	\$ 5	\$ 4	\$ 4
1,577	1,621	1,621	1,627	682	574
-	-	-	-	-	308
-	902	595	1,564	600	847
<u>8,933</u>	<u>9,039</u>	<u>11,154</u>	<u>11,950</u>	<u>13,780</u>	<u>14,636</u>
<u>\$ 10,517</u>	<u>\$ 11,570</u>	<u>\$ 13,375</u>	<u>\$ 15,146</u>	<u>\$ 15,066</u>	<u>\$ 16,369</u>
-	-	-	-	-	15
59	61	64	51	52	20
764	837	935	975	935	827
103	106	126	136	61	96
-	-	-	227	184	27
-	-	-	-	3,767	1,717
326	326	326	542	553	457
<u>6,984</u>	<u>2,351</u>	<u>2,593</u>	<u>1,819</u>	<u>1,843</u>	<u>832</u>
<u>\$ 8,236</u>	<u>\$ 3,681</u>	<u>\$ 4,044</u>	<u>\$ 3,750</u>	<u>\$ 7,395</u>	<u>\$ 3,991</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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Revenues</b>				
Taxes				
Property	\$ 5,038	\$ 6,056	\$ 6,033	\$ 6,534
Franchise and utility taxes	4,707	5,073	5,449	6,001
Licenses and Permits	669	735	896	1,386
Intergovernmental	2,115	1,823	4,422	2,408
Charges for services	438	432	644	654
Impact fees/assessments	199	120	119	285
Fines and forfeitures	285	245	210	179
Investment earnings	328	267	317	721
Miscellaneous	126	152	156	174
Total revenues	<u>13,905</u>	<u>14,903</u>	<u>18,246</u>	<u>18,342</u>
<b>Expenditures</b>				
General government	2,201	2,252	2,118	2,318
Public works	816	2,958	1,121	741
Public safety	6,333	6,757	7,776	9,397
Parks and recreation	1,301	1,380	1,506	1,622
Other physical environment	-	-	-	-
Capital outlay	1,147	3,316	7,980	959
Debt service				
Principal	495	875	905	940
Interest	299	384	342	316
Other charges	23	-	-	-
Total expenditures	<u>12,615</u>	<u>17,922</u>	<u>21,748</u>	<u>16,293</u>
Excess of revenues over (under) expenditures	1,290	(3,019)	(3,502)	2,049
Other financing sources (uses)				
Transfers in	5,893	4,119	4,267	2,992
Transfers out	(5,365)	(3,516)	(3,635)	(2,359)
Refunding bonds issued	7,305	-	-	-
Payments to refunded bond escrow agent	(3,305)	-	-	-
Sale of capital assets	-	-	85	-
Total other financing sources (uses)	<u>4,528</u>	<u>603</u>	<u>717</u>	<u>633</u>
Net change in fund balances	<u>\$ 5,818</u>	<u>\$ (2,416)</u>	<u>\$ (2,785)</u>	<u>\$ 2,682</u>
Debt service as a percentage of noncapital expenditures	7.12%	8.62%	9.06%	8.19%

Fiscal Year						
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	
\$ 7,687	\$ 7,762	\$ 7,919	\$ 7,326	\$ 6,471	\$ 6,073	
6,224	6,136	6,938	6,736	6,307	6,110	
787	1,153	706	625	688	1,099	
2,113	1,887	2,131	3,849	6,608	2,027	
648	718	1,047	1,232	1,441	1,374	
80	142	52	51	40	245	
182	163	217	121	112	100	
1,159	572	654	386	247	243	
158	168	135	196	162	212	
<u>19,038</u>	<u>18,701</u>	<u>19,799</u>	<u>20,522</u>	<u>22,076</u>	<u>17,483</u>	
2,554	2,573	3,067	3,208	3,048	3,283	
1,157	991	961	2,421	942	669	
10,221	10,468	9,951	9,452	9,531	10,149	
1,777	2,062	2,084	1,991	1,955	2,003	
-	-	-	-	17	6	
4,836	5,535	854	1,200	1,361	3,546	
780	915	1,215	1,261	2,210	4,735	
289	444	406	361	296	257	
57	-	-	-	-	36	
<u>21,671</u>	<u>22,988</u>	<u>18,538</u>	<u>19,894</u>	<u>19,360</u>	<u>24,684</u>	
(2,633)	(4,287)	1,261	628	2,716	(7,201)	
6,797	3,308	3,735	2,965	3,767	1,657	
(6,095)	(2,523)	(2,830)	(2,115)	(2,917)	(807)	
7,105	-	-	-	-	4,250	
(2,150)	-	-	-	-	-	
-	-	-	-	-	-	
<u>5,657</u>	<u>785</u>	<u>905</u>	<u>850</u>	<u>850</u>	<u>5,100</u>	
<u>\$ 3,024</u>	<u>\$ (3,502)</u>	<u>\$ 2,166</u>	<u>\$ 1,478</u>	<u>\$ 3,566</u>	<u>\$ (2,101)</u>	
6.69%	7.79%	9.17%	8.68%	13.92%	23.79%	

**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
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
2012	1,495,579	733,736	49.06%	761,843	50.94%	229,932

Source: Seminole County Property Appraiser's Office

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<u>Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
\$ 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%
323,645	1,726,089	3.6355	2,096,002	82.35%

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

Fiscal Year	City of Lake Mary Operating Millage <sup>3</sup>	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		
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
2012	3.6355	4.8751	0.1700	5.0451	7.7220	0.0000	7.7220	0.3313	16.7339

Source: Seminole County Tax Collectors Office

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

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

<sup>3</sup> 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, 2012  
(amounts expressed in thousands)**

Taxpayer	2012			2003		
	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)	\$ 59,751	1	3.46%	-		-
Sun Life Assurance Co of Canada (formerly a part of Crescent Resources, Inc.)	35,007	2	2.03%	-		-
DRA CRT Lake Mary Center LLC	25,859	3	1.50%	-		-
A T & T Mobility LLC	24,512	4	1.42%			
Heathrow Hotel Owners LLC (Marriott Hotel)	21,379	5	1.24%	\$ 20,346	9	1.42%
Golfview Apartments, LLC	18,544	6	1.07%			
Central Florida Educators	17,440	7	1.01%			
North Point LP	17,192	8	1.00%	21,318	8	1.49%
Progress Energy Florida	16,404	9	0.95%	-		-
ACP/Utah II LLC	16,182	10	0.94%			
Colonial Realty, LP	-		-	57,581	1	4.01%
Nextel South Corp				54,824	2	3.82%
Crescent Resources, Inc	-		-	48,822	3	3.40%
Siemens Carrier Networks, LLC				37,461	4	2.61%
Koger Equity Inc	-		-	31,320	5	2.18%
Cingular Wireless	-		-	27,625	6	1.92%
Duke-Weeks Realty LP	-		-	25,175	7	1.75%
Wachovia Trust Co	-		-	18,293	10	1.27%
<b>Totals</b>	<b>\$ 252,270</b>		<b>14.62%</b>	<b>\$ 342,765</b>		<b>23.88%</b>

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

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

Fiscal Year 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
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%	24	6,448	96.34%
2012	6,304	6,049	95.95%	-	6,049	95.95%

**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 <sup>2</sup>	Per Capita
	Refunding Revenue Notes <sup>3</sup>	Revenue Bonds			
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
2012	5,325	-	5,325	0.95%	382

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, 2012**  
**(amounts expressed in thousands)**

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>1</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping Debt:			
Seminole County General Obligation Debt	\$ 4,340	7.22%	\$ 313
Subtotal, overlapping debt			
Direct Debt:			
City of Lake Mary General Obligation Debt <sup>2</sup>	-	100%	-
Total direct and overlapping debt	<u>\$ 4,340</u>		<u>\$ 313</u>

Sources:

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

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

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

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

General Government							
Fiscal Year Ended Sept 30,	Public Service Taxes	Half-Cent Sales Tax	Electric Franchise Fees	Total Revenue Available for Debt Service	Maximum Annual Debt Service	Coverage	Coverage without Franchise Fees
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
2012	3,909,797	800,438	1,770,383	6,480,618	1	n/a	n/a

Notes:

1

1996 Bond issue was paid in full in 2007.

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

<u>Fiscal Year</u>	<u>Population <sup>1</sup></u>	<u>Personal Income (amounts expressed in thousands)</u>	<u>Per Capita Personal Income <sup>1</sup></u>	<u>Median Age <sup>1</sup></u>	<u>Education Level in Years of Formal Schooling <sup>1</sup></u>	<u>School Enrollment <sup>3</sup></u>	<u>Unemployment Rate <sup>4</sup></u>
2003 <sup>2</sup>	13,163	404,696	30,745 <sup>2</sup>	38.2 <sup>2</sup>	13.95	1,444	4.5%
2004	13,792	440,241	31,920	38.6	13.93	1,354	4.3%
2005	13,922	417,702	30,003	39.1	13.51	1,314	3.5%
2006	14,020	448,472	31,988	39.6	14.18	1,853	3.1%
2007	14,288	448,972	31,423	40.1	14.15	2,067	4.0%
2008	14,944	450,591	30,152	40.6	14.15	2,203	6.1%
2009	14,615	511,320	34,986	40.5	13.94	2,141	11.5%
2010	14,559	530,938	36,468	41.4	14.3	2,285	11.8%
2011	13,868	489,249	35,279	*	*	2,352	10.2%
2012	13,937	558,985	40,108	37.6	14.31	2,344	8.4%

\* 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	2012 <sup>1</sup>			2003 <sup>2</sup>		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Convergys	1,771	1	5.06%	*	*	*
Chase Bankcard Services	1,634	2	4.67%			
Fiserv	661	3	1.89%	*	*	*
AIG Marketing	638	4	1.82%	*	*	*
Symantic Software Global LLC	621	5	1.77%	*	*	*
A B B Power	403	6	1.15%	*	*	*
Sunguard H T E Inc	359	7	1.03%	*	*	*
CuraScript	348	8	0.99%	*	*	*
Faro Technologies	216	9	0.62%	*	*	*
Plus Communications	181	10	0.52%	*	*	*
<b>Total</b>	<b>6,832</b>		<b>19.52%</b>			

Source: BusinessinSeminole.com

Note 1: The City of Lake Mary has an estimated daytime population of over 35,000 with approximately 1750 business tax receipts issued as of 9/30/2012

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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government	24	23	25	26	27	29	29	28	28	33
Public Safety:										
Police										
Sworn Officers	35	35	36	36	39	42	42	41	41	41
Non sworn officers	1	1	1	1	1	1	1	2	2	2
Civilians <sup>1</sup>	16	17	15	16	18	15	15	13	13	13
Fire										
Firefighters and officers	20	20	29	38	38	38	38	38	38	38
Fire Prevention	17	17	17	17	18	16	14	10	10	4
Civilians <sup>3</sup>	1	1	1	1	2	2	2	2	2	2
Public Works	17	19	19	19	20	20	18	18	18	18
Parks and Recreation	14	17	18	22	25	24	27	25	25	25
<b>Total</b>	<b>145</b>	<b>150</b>	<b>161</b>	<b>176</b>	<b>188</b>	<b>187</b>	<b>186</b>	<b>177</b>	<b>177</b>	<b>176</b>

Source: City of Lake Mary Departmental Monthly Reports

Notes:

- 1 Police civilians include emergency communications center operations personnel.
- 2 Building and Life Safety was changed from General Government to Fire in 1997.
- 3 Fire Administrative Assistant added 1999; 2nd Administrative Assistant added 2007 (75%).
- 4 Facilities Maintenance established in 2008 as reorganization of Building & Life Safety.
- 5 Fire Prevention established in 2008 as reorganization of Building & Life Safety.
- 6 Building and Life Safety was changed from Fire to General Government in 2012.



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

Function	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Police</b>				
Auto Accidents	1,035	1,087	1,030	907
Physical arrests	490	515	531	486
Criminal Investigations Conducted	528	304	756	770
Total Calls for Service	30,392	31,784	31,122	38,654
911 Calls Received	5,407	4,904	5,076	5,408
Evidence Processed (pieces)	1,186	1,712	1,522	1,614
<b>Fire &amp; Life Safety</b>				
Public Education Programs	274	155	98	100
Number of emergency calls answered	2,923	3,175	3,463	3,829
Medical Transports	1,043	1,070	1,217	1,260
<b>Highways and streets</b>				
Streets paved (miles)	0.9	3.9	1.7	0.8
Streets resurfaced (tons/asphalt)	45.0	51.3	49.5	62.8
Sidewalks/bike paths built or repaired (feet)	2,306	2,048	1,679	1,674
<b>Culture and recreation</b>				
Sports Complex ball games & field rentals	1,441	1,342	1,430	1,417
Tennis membership	110	120	126	134
Events Center rental	**	**	**	**
<b>Water</b>				
New connections	125	104	48	134
Number of customers	4,645	4,736	4,783	4,884
Water main breaks	57	85	78	64
Average daily consumption (millions of gallons)	3.14	3.62	3.78	3.88
Meter reads	55,143	55,982	57,082	57,913
<b>General Government</b>				
Total Permits Issued	3,022	2,309	2,417	3,556
Construction inspections	7,627	7,816	7,833	9,532
Employment applications received	774	737	749	640
Personnel actions processed	473	457	485	546
Legal Notices published	119	106	96	80
Business Tax Receipts issued	1,188	1,359	1,565	1,898
Accidents & Injuries reviewed	52	60	66	70
Land Use amendments & rezonings	22	23	21	29
License/Permit Reviews	958	1,046	1,112	1,707
Employee paychecks issued	3,916	3,940	4,540	4,526
Checks deposited	51,377	51,592	47,095	46,815
A/P Checks issued	3,916	3,763	4,039	2,938
Purchase orders/EPO's processed	1,673	1,629	1,890	1,081
Purchasing Card Transactions	**	**	**	2,249

Source: City of Lake Mary Departmental Monthly Reports

Notes

\*\* Service was not available

Fiscal Year						
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	
768	598	783	823	751	926	
446	501	374	452	565	467	
624	685	740	483	473	396	
52,381	62,864	62,762	55,947	62,681	53,482	
6,296	5,973	5,176	4,257	4,336	4,321	
2,229	1,494	1,446	1,592	1,738	1,262	
161	201	226	195	136	62	
3,950	3,128	3,308	3,917	3,709	5,405	
1,331	1,062	1,323	1,363	1,604	1,639	
9.5	6.7	2.3	4.2	2.0	-	
66.7	59.6	51.1	46.3	43.0	26.5	
1,924	1,898	1,587	1,558	910	1,122	
1,029	953	935	884	898	1,116	
144	148	156	156	161	155	
**	240	467	368	271	299	
123	96	40	50	34	26	
4,991	5,031	5,028	5,053	5,080	5,111	
60	75	58	56	76	124	
3.81	3.22	3.01	2.89	3.26	3.26	
59,497	60,301	60,444	60,757	61,091	61,521	
2,056	1,661	1,177	1,313	1,215	1,512	
6,191	5,941	4,341	3,680	3,777	5,284	
1,308	1,274	479	790	722	1,031	
567	611	522	498	361	510	
87	118	70	78	72	79	
1,843	2,255	1,839	1,848	1,896	1,823	
53	61	70	70	67	66	
28	12	11	48	33	15	
1,160	992	610	455	497	503	
4,804	4,919	5,210	5,052	5,095	5,082	
43,907	42,175	38,040	38,665	37,908	38,285	
2,767	2,939	2,620	2,323	2,396	2,377	
833	603	614	446	443	464	
2,552	2,418	2,592	2,436	2,402	2,700	

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

Function	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Public safety				
Police:				
Stations	1	1	1	1
Patrol units	36	37	39	39
Fire stations	1	1	1	2
Highways and streets				
Streets - paved (miles)	47.23	50.38	50.38	54.10
Streets - unpaved (miles)	3.42	3.42	3.42	2.67
Street lights	893	962	965	934
Traffic Signals	8	8	10	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	2	2
Historical Museum	1	1	1	1
Water				
Water mains (miles)	101.0	102.6	103.0	103.0
Fire hydrants	595	612	716	716
Maximum daily capacity (millions of gallons)	12.96	12.96	12.96	12.96
Sewer				
Sanitary sewers (miles)	28.30	30.00	30.00	31.40
Storm sewers (miles)	36.62	37.29	46.00	53.00

Source: City of Lake Mary Departmental Monthly Reports

Notes

\* Information not available

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Fiscal Year						
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	
1	1	1	1	1	1	1
41	41	41	42	42	43	43
2	2	2	2	2	2	2
55.79	55.79	55.79	55.79	55.79	56.90	56.90
2.46	2.46	2.46	2.46	2.46	2.46	2.46
948	981	1,074	1,074	1,074	1,087	1,087
12	12	12	12	12	12	12
39	39	39	39	39	39	39
9	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	104.0	104.0	104.0	104.0	104.2	104.2
716	719	720	726	726	731	731
12.96	12.96	12.96	12.96	12.96	12.96	12.96
31.40	31.72	32.38	32.38	32.40	32.40	32.40
53.00	53.00	53.00	53.00	53.00	54.33	54.33

**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	
2003	\$ 652,245	\$ 380,925	\$ 121,834	\$ 18,003	\$ 34,354.00	\$ 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%
2012	1,798,291	862,007	413,590	9,716	78,652	29,778	27.6%

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	
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%
2012	1,364,885	775,763	135,571	171,764	43,914	29,942	22.9%

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

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

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Revenues</b>				
Permit Fees				
Building Permits	\$ 440,385	\$ 481,229	\$ 480,349	\$ 993,544
Electrical Permits	26,581	29,942	24,825	49,686
Plumbing Permits	15,080	15,347	9,375	33,096
Mechanical Permits	18,626	21,026	23,816	31,823
Misc Building Fees	50,066	51,838	59,746	47,292
Total revenues	<u>550,738</u>	<u>599,382</u>	<u>598,111</u>	<u>1,155,441</u>
<b>Expenditures</b>				
Building Salaries & Benefits	641,078	638,610	600,314	594,904
Operating Expenditures	122,796	104,920	123,554	162,779
Capital Expenditures	-	-	-	43,645
Allocation of Indirect Costs & Bldg Deprec.	-	-	-	-
Allocation of Debt Service: (23%)	117,909	218,884	216,812	218,185
Total expenditures	<u>881,783</u>	<u>962,414</u>	<u>940,680</u>	<u>1,019,513</u>
Excess of revenues over (under) expenditures	<u>\$ (331,045)</u>	<u>\$ (363,032)</u>	<u>\$ (342,569)</u>	<u>\$ 135,928</u>

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

Note 1 Debt service incurred for construction of municipal complex was paid off in 2011.

Fiscal Year					
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u> <sup>1</sup>	<u>2012</u>
\$ 471,653	\$ 825,653	\$ 391,999	\$ 360,184	\$ 382,042	\$ 760,820
41,845	51,577	31,777	23,460	31,702	63,819
9,777	23,771	12,894	14,432	12,861	43,687
23,632	43,339	31,047	22,539	23,054	25,243
24,529	15,172	59,383	33,540	19,659	16,476
<u>571,436</u>	<u>959,512</u>	<u>527,100</u>	<u>454,155</u>	<u>469,318</u>	<u>910,045</u>
589,448	549,519	528,632	575,531	464,531	420,993
127,786	122,357	77,096	65,788	65,938	63,890
31,050	-	-	-	-	-
-	-	-	-	-	142,851
219,233	218,897	219,501	219,852	423,608	-
<u>967,517</u>	<u>890,773</u>	<u>825,229</u>	<u>861,171</u>	<u>954,077</u>	<u>627,734</u>
<u>\$ (396,081)</u>	<u>\$ 68,739</u>	<u>\$ (298,129)</u>	<u>\$ (407,016)</u>	<u>\$ (484,759)</u>	<u>\$ 282,311</u>



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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, 2012, and have issued our report thereon dated March 11, 2013. 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**

Management of the City is responsible for establishing and maintaining effective 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.

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

*McDiarmid Davis & Company, LLC*

March 11, 2013

## 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, 2012, and have issued our report thereon dated March 11, 2013.

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; and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on and Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated March 11, 2013, 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 governs 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.

MCDIRMIT DAVIS & COMPANY, LLC

605 E. ROBINSON STREET, SUITE 635 ORLANDO, FLORIDA 32801

TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: INFO@MCDIRMITDAVIS.COM

- 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.
- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, 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, 2012, 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, 2012. 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.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representative, the Florida Auditor general, Federal and other granting agencies, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*McDiernit Davis & Company, LLC*

March 11, 2013

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, 2012. 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 November 19, 2012. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2012. 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.

The financial statement disclosures are neutral, consistent, and clear.

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

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

MCDIRMIT DAVIS & COMPANY, LLC

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### *Correct and Uncorrected Misstatements*

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

### *Disagreements with Management*

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

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 11, 2013.

### *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.

### Other Matters

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,

*McDiernit Davis & Company, LLC*

March 11, 2013