CITY OF LAKE MARY,

FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2013

Prepared by:
FINANCE DEPARTMENT

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CITY OF LAKE MARY, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

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City Manager

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March 20, 2014

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, 2013. 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 contained 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.

McDirmit 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, 2013, 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, 2013, 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.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the City

The City of Lake Mary, Florida, a municipality incorporated under Florida law in 1973, is located in Central Florida and considered a part of the Orlando Metropolitan area. The City encompasses 9.9 square miles with an estimated population of 14,740. Land uses within Lake Mary consist primarily of single-family residential neighborhoods, retail businesses, Class A office space, light manufacturing and high-tech industries. Lake Mary is considered a major economic hub of the Orlando Metropolitan Area. Several large corporations maintain major operations within the City and is well renowned for its

exceptional quality of life. This quality of life is enhanced by Lake Mary's strategic location on the North Interstate-4 corridor, the community's exceptional education system, and a skilled workforce.

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; emergency medical services; 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 1st of each year. The City Commission must hold public hearings on the proposed budget and adopt a final budget by September 30th which is prior to the close of the City's fiscal year. The appropriated budget is prepared by fund and program. The City Manager may make transfers between programs within the same fund. Any other budget transfers or amendments must be adopted by a budget resolution of the City Commission. 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).

Local economy

The City of Lake Mary's economic environment is beginning to show signs of strengthening as real property values were stable in 2013 and projected to increase in 2014 for the first time since 2008. For the first time in five years, the millage rate was reduced .046 to 3.5895 and the City continues to have the lowest total millage rate of the seven cities in Seminole County. The City's tax base is well diversified, with taxable value almost evenly split between residential and commercial uses. In 2013, residential uses comprised 48.13% of real property taxable value, and commercial uses represented 51.87% of taxable value. This healthy mix is well represented in the local economy, with a total population estimate of 14,740, and total employment estimated at 17,199 according to Dun and Bradstreet data for 2013. The daytime population of the City is believed to increase to 24,065 persons, which clearly demonstrates the City's sizable employment base

As of December 2013, Seminole County's unemployment rate was 5.1%, compared to the States of Florida's rate of 5.9%, and the national rate of 6.5%. Currently, the community's unemployment rate of approximately 5.0% is at a level consistent with 'full employment' conditions according to many economists.

The City of Lake Mary's labor market performance is backed by the quality of its workforce. It is estimated that 28.4% of the resident population holds a Bachelor's degree, or higher. The overall community's commitment to education, from kindergarten to graduate school, is evidenced by the strong relationships maintained with the public school system, Seminole State College, and the University of Central Florida. The overall quality of the City's labor force is represented in relatively higher incomes - average household income of $99,089 in 2013.

Long-term financial planning and major initiatives

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.

The Fiscal Year 2014 Adopted Budget represents a commitment toward continued strategic financial planning to meet the City's goal of providing a high standard of quality of life and development opportunities. Additionally, the City has partnered with Seminole County to provide economic incentives that will bring over 1,300 new jobs to the City. The Capital Improvement Plan is very robust at just over $5 million with approximately 60% of projects planned for the Downtown area. 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, 2013, principal debt obligations total $4,981,000.

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. In November 2012, the employee health clinic opened. The savings recognized by changing to a self-funded health plan and changing from a commission based payment to a flat fee payment for third party administration of our plan has helped to fund the operation of the clinic. Employees participating in the use of the clinic have realized improved health care as well as reduced out of pocket costs.

We continue to focus on the redevelopment of our downtown as the cornerstone of the City's growth and economic activity. The City's commitment to the Transit Oriented Development (TOD) is evidenced by the construction that is currently underway for the 200 unit luxury apartment complex known as the Station House and the SunRail station and associated improvements are just about complete.

Current initiatives include:

- Downtown Roadway, Stormwater, and Water and Sewer Utility Improvements in the vicinity of the SunRail Station.
- Phase One of Heritage Park.
- Downtown traffic calming and roundabouts on N. Country Club Road and Palmetto Street.
- Funding for a new Economic Development/Grants Administrator to assist with promoting the City as the best place to live, work, and play as available properties begin to occupy and Downtown Redevelopment expands.
- Renovation of the property purchased in collaboration with the Trailblazers and the Community Improvement Association (CIA) for the new Community Center scheduled to open by May 1, 2014.
- Completion of a new 30 space parking lot in the Downtown business area.
- Construction of Emma Oaks Trail sidewalk fully funded by Seminole County.
- Rehabilitation of Rinehart Trail that will be partially funded with grant money.
- Rehabilitation of the water utility's Elevated Storage Tank.
- Replacement of the sewer utility's Lift Station SCADA System.

Relevant financial policies

The City of Lake Mary has adopted a comprehensive set of 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 was decreased for the first time in over five years.

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 position of the Enterprise Funds are above 25% of current year expenditures.

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, 2012. This was the twenty first 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 S. Holloway
Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lake Mary
Florida

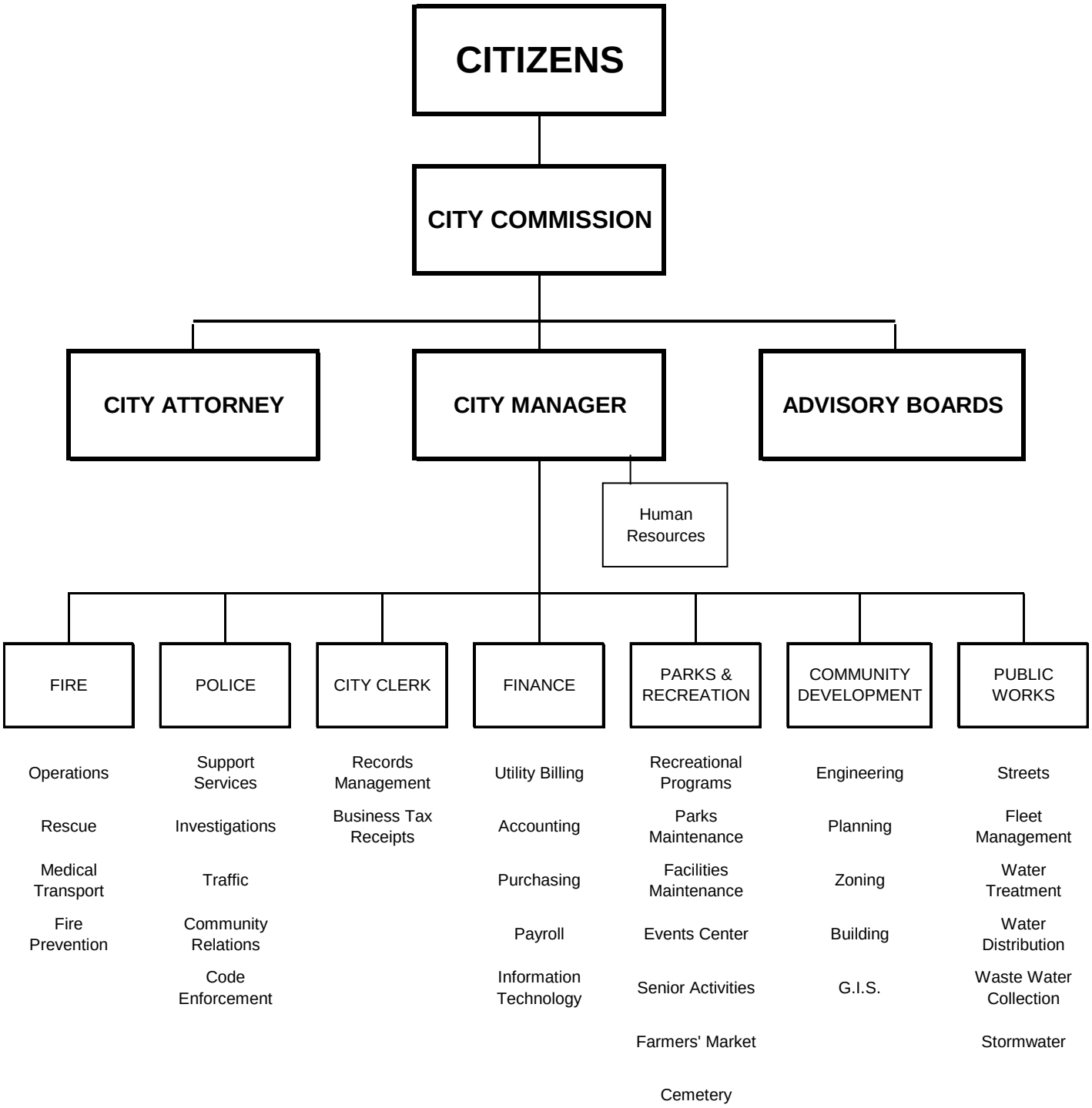
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO

CITY OF LAKE MARY, FLORIDA

ORGANIZATIONAL CHART



CITY OF LAKE MARY, FLORIDA
PRINCIPAL CITY OFFICIALS
SEPTEMBER 30, 2013

CITY COMMISSION

David Mealor, Mayor

Jo Ann Lucarelli, Deputy Mayor

Gary L. Brender

George F. Duryea

Allan F. Plank

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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MCDIRMIT DAVIS
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Commission
City of Lake Mary, Florida

Report on the Financial Statements

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, 2013, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City's management is responsible for the preparation and fair presentation of these statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2013, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and pension and other postemployment benefit information on pages 13 to 22 and 67 to 68, 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 and opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the *City of Lake Mary, Florida's* basic financial statements.. The introductory section, combining and individual fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2014, 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

March 4, 2014

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MEMBERS: PRIVATE COMPANIES PRACTICE SECTION AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS FLORIDA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

CITY OF LAKE MARY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013

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, 2013. The purpose of *management's discussion and analysis* (MD&A) is to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns. 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 and deferred outflows of resources of the City of Lake Mary exceeded its liabilities at September 30, 2013 by $96,826,054 (*net position*). Of this amount, $36,695,777 represents unrestricted net position, may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position decreased by $523,805 (or .54%) primarily due to an increase in accounts payable and other liabilities. Governmental total net position decreased by $643,509 (or 1.02%) while business-type activities increased by $119,704 (or 0.35%).
- As of the close of the current fiscal year, the City of Lake Mary's governmental funds reported combined fund balances of $19,906,337, a decrease of $453,920 in comparison with the prior year. Approximately 70.9% of this amount, or $14,120,710, is available for spending at the City's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed, assigned*, and *unassigned* components of *fund balance*) for the General Fund was $17,538,507 (or 105.05%) of total expenditures and transfers out.
- Net position of the Police Officers' and Firefighters' Pension Trust Funds increased by $2,180,564 and $1,708,253 respectively.

Overview of the Financial Statements

This discussion and analysis provided here are 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 intended to furnish additional detail to support 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 position* presents information on all of the City's assets and liabilities, and deferred inflow/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 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.

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 funds.

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 assessing 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 2013, the City utilized twelve (12) 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 pension premium tax trust fund, the general capital projects fund and the 2nd generation 1 cent sales tax fund, which are considered to be major funds. Data from the other (8) eight 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 and required supplemental information.

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 on pages 27-31 of this report.

Proprietary Funds. The City maintains two different types of proprietary funds. *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 the City's various functions. The City utilizes internal service funds for the management of its fleet operations and self-funded health insurance. Because of these services predominately benefit governmental rather than business-type functions, they have been included within the *governmental activities* in the government-wide financial statements.

Proprietary funds 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. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund statements. Individual fund data for the internal service funds are provided in the combining and individual fund statements 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 reported 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 necessary to acquire 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 40-66 of this report.

Other Information*.* In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information (RSI)* concerning the City's progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found on page 67 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the RSI on pensions and OPEB. Combining and individual fund statements and schedules can be found on pages 70-89 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City of Lake Mary, assets and deferred outflows of resources exceeded liabilities by $96,826,054 at the close of fiscal year ended September 30, 2013.

Statement of Net Position
As of September 30,

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	$ 26,072,594	$ 25,226,407	$15,915,210	$15,265,014	$ 41,987,804	$ 40,491,421
Restricted assets	308,767	292,020	1,319,692	1,063,216	1,628,459	1,355,236
Capital assets	45,147,885	46,045,863	18,127,488	18,597,998	63,275,373	64,643,861
Total asets	71,529,246	71,564,290	35,362,390	34,926,228	106,891,636	106,490,518
Total deferred outflows of resources	25,957	-	-	-	25,957	-
Current liabilities	2,310,373	1,428,951	608,311	308,358	2,918,684	1,737,309
Non-current liabilities outstanding	5,289,767	5,617,020	311,238	316,407	5,601,005	5,933,427
Other liabilities (comp abs & opeb)	1,459,301	1,338,722	112,549	95,875	1,571,850	1,434,597
Total liabilities	9,059,441	8,384,693	1,032,098	720,640	10,091,539	9,105,333
Net investment in capital assets	40,192,842	40,789,143	18,127,488	18,602,998	58,320,330	59,392,141
Restricted	801,493	2,563,476	1,008,454	746,809	1,809,947	3,310,285
Unrestricted	21,501,427	19,826,978	15,194,350	14,860,781	36,695,777	34,687,759
Total net position	$ 62,495,762	$ 63,179,597	$ 34,330,292	$ 34,210,588	$ 96,826,054	$ 97,390,185

By far, the largest portion of the City's net position $58,320,330 (or 60.2%) reflect its investment in capital assets (e.g., land, buildings, improvements, infrastructure, vehicles and equipment) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide a variety of services to citizens. Accordingly, 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 used 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 position $1,809,947 (or 1.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of $36,695,777 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of fiscal year 2013, the City of Lake Mary is able to report positive balances in all three categories of net position, 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.

The City's net position decreased a total of $564,131 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, net position for governmental activities decreased $643,509 from the prior fiscal year for an ending balance of $62,495,762.

The City experienced a $43,353 (.71%) decrease in ad valorem taxes as assessed property values within the City appear to be stabilizing. Franchise fees and utility taxes increased slightly by $59,276 (.97%) and because these revenues are primarily influenced by the economy, is consistent with the change in property values. Investment income has declined by 99.43%. This is because investments are reported at fair value net of earnings. Actual interest earnings were $250,830 while the loss in the market value of investments totaled 246,490. Building permit revenue increased $642,932 (68.01%) and impact fee revenue increased $75,372 (35.47%) from the prior year. Additionally, fines and forfeiture revenue increased 50.9% as compared to last year.

Approximately 94% of the employee are accounted for in governmental activities. Based on salary survey information, a 1% pay plan adjustment was effective January 1, 2013 at a cost of $73,980. Additionally throughout the year, merit increases were awarded up to 2%. The police department added two full-time sworn officers and reserve officer hours were increased for positioning in our local schools. The 2nd generation one cent sales tax was discontinued on December 31, 2011. The City resurfaced over 43,000 square yards of asphalt roads at a cost of $339,845. The City's pension contributions for Police Officers and Firefighter increased $198,209 (17.62%) over last fiscal year.

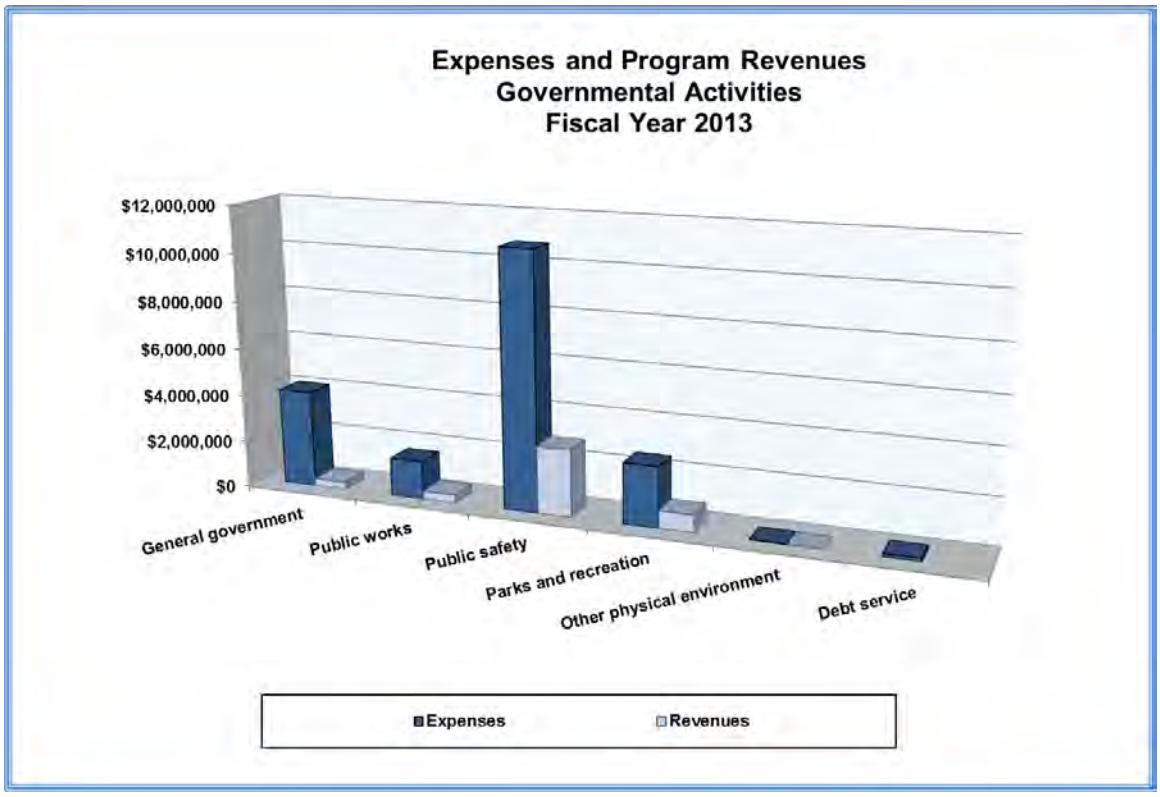
Over the past several years, the City has been in negotiations with a private developer to sell property owned by the City, rezone that property to a Planned Unit Development (PUD) that would enable the developer to build 200 apartments and a parking garage in the vicinity of the planned SunRail Station which is due to become operation in May of 2014. Additionally the City would enter into an agreement for a perpetual, non-exclusive easement over, upon and across a portion of the parking garage. A majority of the

property was acquired by the City in 2008 for a total cost of $2,332,683 and its current net book value was $2,309,790. The property sold on September 19, 2013 for $2,208,671 resulting in a loss of $101,122. On the same day the City purchased the perpetual easement in the parking garage in the amount of $1,430,000. The City also purchased a parcel of land in May of 2013 at a cost of $164,902 for the purpose of becoming a parking lot in the downtown business district. In February 2013, the City purchased property for a new Community Center. The cost of the property was $640,374, is currently under renovation and scheduled to open by May 1, 2014.

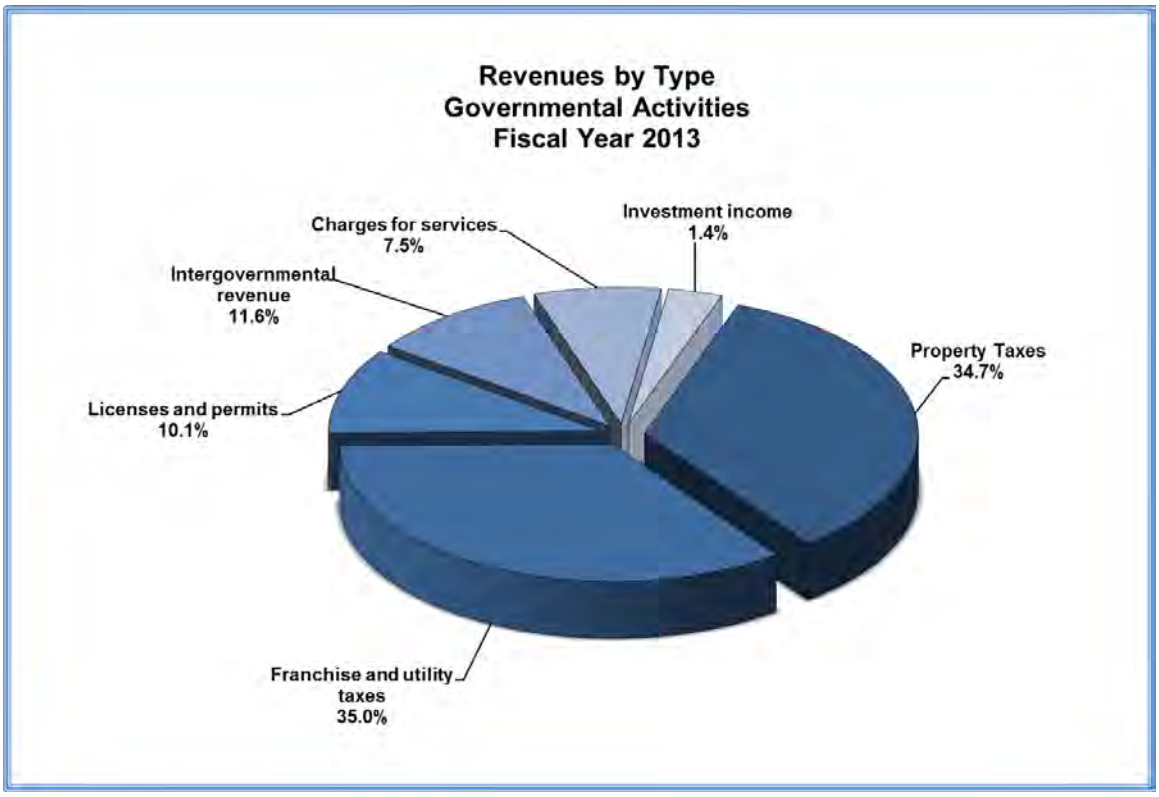
Changes In Net Position
For the Year Ended September 30,

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	$ 3,552,280	$ 2,829,237	$ 4,657,796	$ 4,621,040	$ 8,210,076	$ 7,450,277
Operating grants and contributions	643,416	692,528	-	-	643,416	692,528
Capital grants and contributions	32,483	312,686	261,646	36,958	294,129	349,644
General revenues:						
Property taxes	6,029,358	6,072,711	-	-	6,029,358	6,072,711
Other taxes	6,169,211	6,109,935	-	-	6,169,211	6,109,935
Other revenues	1,182,291	1,500,482	(250)	170,677	1,182,041	1,671,159
Total revenues	17,609,039	17,517,579	4,919,192	4,828,675	22,528,231	22,346,254
Expenses:						
General government	4,092,507	3,998,127	-	-	4,092,507	3,998,127
Public works	1,613,698	1,177,562	-	-	1,613,698	1,177,562
Public safety	10,803,492	10,391,963	-	-	10,803,492	10,391,963
Parks and recreation	2,552,985	2,516,530	-	-	2,552,985	2,516,530
Other physical environment	9,876	11,690	-	-	9,876	11,690
Interest and other on long term debt	129,925	267,341	-	-	129,925	267,341
Water and sewer	-	-	3,483,401	3,401,192	3,483,401	3,401,192
Stormwater	-	-	366,152	330,789	366,152	330,789
Total expenses	19,202,483	18,363,213	3,849,553	3,731,981	23,052,036	22,095,194
Increase (decrease) in net position before transfers & special items	(1,593,444)	(845,634)	1,069,639	1,096,694	(523,805)	251,060
Transfers	949,935	850,000	(949,935)	(850,000)	-	-
Increase (decrease) in net position	(643,509)	4,366	119,704	246,694	(523,805)	251,060
Net position - October 1 restated	63,139,271	63,175,231	34,210,588	33,963,894	97,349,859	97,139,125
Net position - September 30	$62,495,762	$63,179,597	$34,330,292	$34,210,588	$96,826,054	$97,390,185

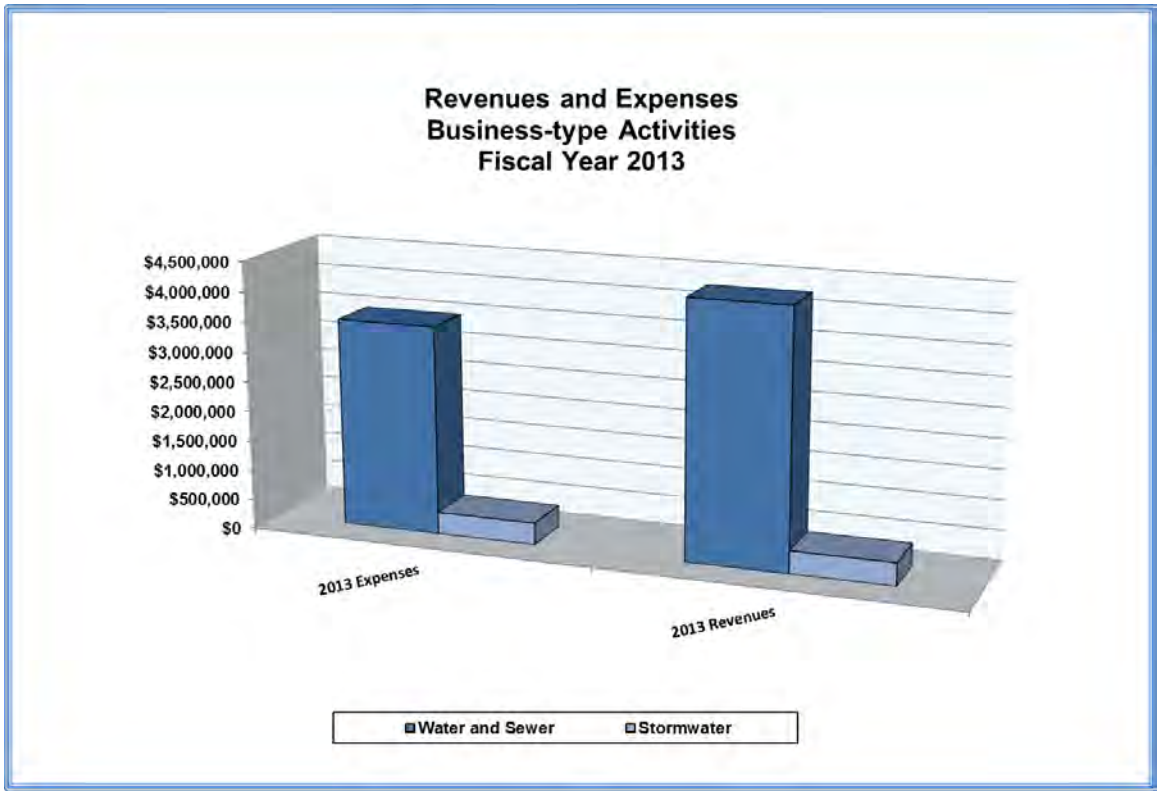
Expenses and revenues for governmental activities are show graphically by function. Public safety is the largest category of expenditures followed by general government.



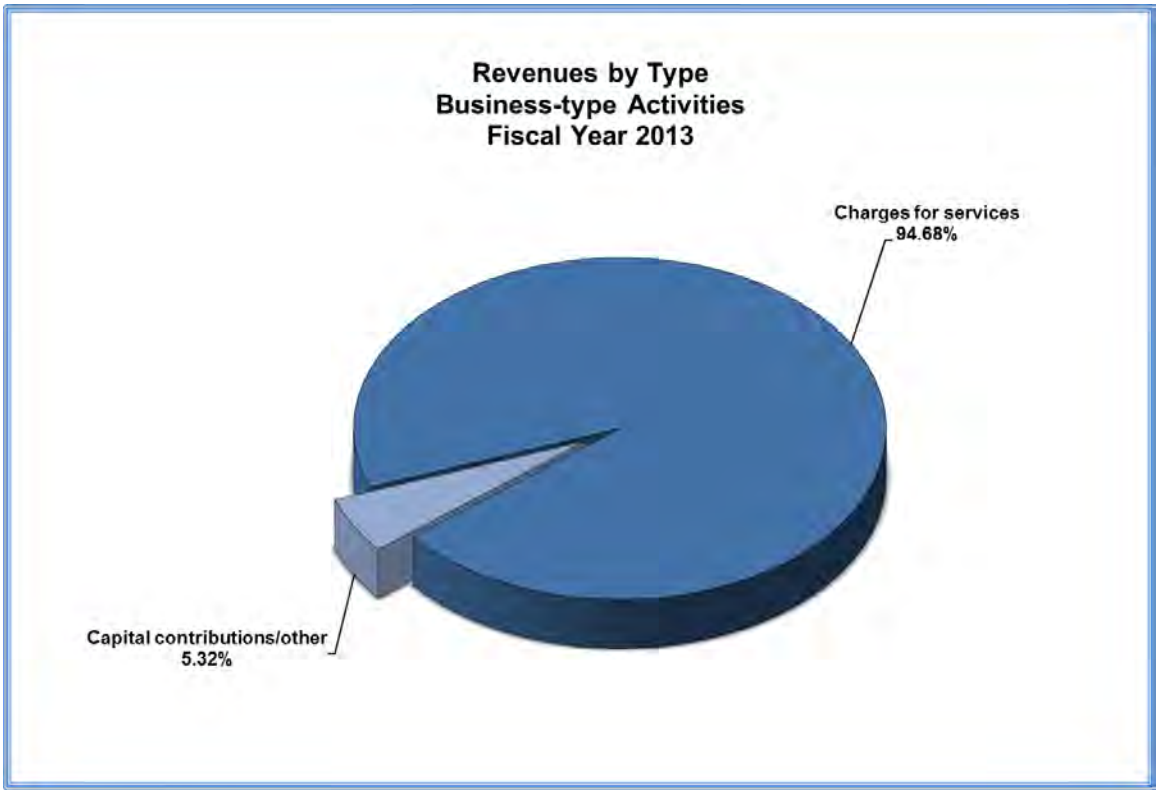
Revenues for governmental activities are show graphically by type. The largest type of revenue for governmental activities is franchise and utility taxes followed by property taxes.



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 type. The largest source of revenue is charges for services.



Business-type Activities. For the City of Lake Mary's business-type activities, the results for the current year were positive in that overall net position increased to reach an ending balance of $34,330,292. The total increase in net position for business-type activities (water, sewer and stormwater funds) was $119,704 or .35% from the prior fiscal year. The growth can be attributable to the increase in stormwater fee effective October 1, 2012. The monthly stormwater fee was raised from $3 per EDU to $4 EDU resulting in an annual revenue increase of approximately $95,000.

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 discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City of Lake Mary itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City of Lake Mary's Commission.

As of September 30, 2013, the City's governmental funds reported combined ending fund balances of $19,906,337, a decrease of $453,920 in comparison with the prior year. Approximately 70.9% of this total amount ($14,120,710) 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 is either *nonspendable*, *restricted, committed, or assigned.* These amounts totaled $5,785,627 or 29.1% of ending fund balance. Of this amount, $67,246 is nonspendable as inventories and prepaid items, $1,756,044 is restricted for special revenue funds and second generation one cents sales tax capital projects, $559,482 is committed to debt service payments; and $3,402,655 is assigned to transfers for debt service, other capital projects; funding of the employee health clinic and subsequent year expenditures approved by the City's Commission.

The General Fund is the chief operating fund of the City. The general fund manages 96.4% of the total governmental revenues. At September 30, 2013, the unassigned fund balance of the general fund was $14,135,652, while the total fund balance increased to $17,541,260. 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 general fund expenditures. Unassigned fund balance represents 84.7% of total general fund expenditures and transfers out, while total fund balance represents 105.1% of that same amount.

Although the original adopted budget for the fiscal year 2013 projected an appropriation of fund balance in the amount of $846,561, the fund balance of the City's General Fund increased $1,172,167 during the fiscal year. Actual revenue collections were more favorable than projected. Total tax revenues were above projections by $148,843 while several other revenue categories outperformed. Building permit revenue exceeded projections by $797,713 (93.25%), an indication of an improving economy. Overall expenditures were under budget by $999,939 or 5.94%. Additional information regarding the general fund budget to actual variances can be found on page 31.

The 2nd Generation One Cent Sales Tax Fund has a total fund balance of $751,942, a decrease of $964,698. This decrease is a result of the completion of the 4th Street and Seminole Avenue Road Improvement Project and road resurfacing projects as well as the discontinuance of the 2nd generation one cent sales tax as of December 31, 2011. The fund balance is restricted to pay for road improvement projects such as the Downtown ROW Improvement Project.

The General Capital Projects Fund decreased fund balance by $797,285 bringing the fund balance to $49,551 at the close of the fiscal year. This is due primarily to the increase in capital project activity. These projects included the purchase of a new Community Center, the purchase of a parcel of land to be used as a parking lot in the downtown business district and the purchase of the perpetual easement in the parking garage to be built at the Station House property.

The total fund balance of all the nonmajor governmental funds increased $135,896. This is primarily due to a decrease in the debt service expenditures as a result of the refinancing of the Public Improvement Revenue Note, Series 2007A which occurred in May of 2012.

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, 2013, unrestricted net position of the Water and Sewer Fund amounted to $14,264,472, unrestricted net position of the Stormwater Utility Fund were $929,878, and net position restricted for capital improvement in the Water and Sewer Fund was $1,008,454. In total, the proprietary fund increased net position by $119,704 over the prior year. An increase of 3.15% was shown

in proprietary funds expenses, along with an increase of.8% 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

Original budget compared to final budget. During fiscal year 2013, the general fund budget was amended to increase both revenues and appropriations by $60,496. This amendment was to account for grant revenues and insurance proceeds received during the year. Both of these items were not included in the original budget.

Final budget compared to actual results. The final amended general fund appropriations were $17,695,561 and actual expenditures (budgetary basis) $16,696,168. General fund revenues exceeded the original budget by $1,079,831, or 6.80%. Significant budgetary variances between the final amended budget and actual results are listed below:

- Property Taxes received were $86,246 over budget due to receipts exceeding the anticipated budget.
- Utility Tax and Franchise Fee revenue reported an increase of $62,597. Utility Tax and Communications Services Tax appear to be slowly rebounding.
- $797,677 positive variance in the collection of Licenses and Permit revenues due in part to the increase of new construction within City limits.
- The increase in Charges for Services can be attributed to a positive variance of $132,064 in rescue transport fees.
- Actual expenditures were less than amended appropriations by $999,393, a variance of 5.94%, 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.
- In November of 2012, the City opened an Employee Health Clinic which is funded by both the general fund and the water and sewer utility fund. Estimated costs are allocated on employee count in each fund.

Transfers to other funds were:

- $574,515 to the Debt Service Fund.
- $307,815 to the Health Insurance fund for health clinic operations.

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, 2013, amounts to $63,275,373 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, water and sewer system, stormwater system, intangible assets, infrastructure, vehicles and equipment. The total net decrease in the City's capital assets for the current fiscal year was $1,373,488.

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

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Land	$ 9,352,059	$ 11,126,349	$ 39,548	$ 39,548	$ 9,391,607	$ 11,165,897
Buildings	15,097,896	15,704,582	153,400	165,200	15,251,296	15,869,782
Improvements other than bldg	1,294,978	1,505,199	-	-	1,294,978	1,505,199
Water/sewer system	-	-	16,433,207	16,737,516	16,433,207	16,737,516
Stormwater system	-	-	1,391,045	1,458,720	1,391,045	1,458,720
Intangible assets	1,461,650	29,093	-	-	1,461,650	29,093
Machinery and equipment	391,200	454,638	33,443	32,989	424,643	487,627
Vehicles	1,946,353	1,782,452	-	-	1,946,353	1,782,452
Infrastructure	15,391,547	15,119,277	-	-	15,391,547	15,119,277
Construction in progress	212,202	324,273	76,845	169,025	289,047	493,298
Total	$ 45,147,885	$ 46,045,863	$ 18,127,488	$ 18,602,998	$ 63,275,373	$ 64,648,861

Major capital asset events during the current fiscal year included the following:

- Downtown Land Acquisition, total of $164,902 includes purchase of a parcel of land for a parking lot in the downtown business district.
- Replacement vehicles purchases of $634,777.
- New vehicle purchases include a new EMS cart and trailer $12,536, a T-3 three wheeler for police patrol $14,407, and a police car for a newly authorized police office $35,983.
- The completion the 4th Street and Seminole Avenue Road Improvement Project $660,752.
- The sale of the Wilbur and Old Lake Mary Road property resulting in a net loss of $101,122.
- Full-depth reclamation project for Pine Tree, Cedar and Magnolia Roads in the amount of $227,791 and removing the existing pavement at net loss of $95,761.
- The purchase of a new Community Center at $640,375.
- Well #2 Rehabilitation, $170,877
- Water Plant Security, $33,215

Major capital assets included in Construction in Progress:

- Flashport upgrades to mobile and portable radios, $79,148.
- Heritage Park, $21,500.
- Roundabouts at N. Country Club and Wilbur St and Crystal Lake Ave and Palmetto St and Greenleaf , $32,730.
- SunRail Enhancements, $15,215.
- Renovation of the newly purchased Community Center, $16,392
- Lift station SCADA Improvements, $6,093
- Elevated Water Storage Rehabilitation, $6,000
- Downtown Roadway, Stormwater and Utility Improvements, $93,640

Additional information regarding the City's capital assets can be found in on pages 50-51 of this report.

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of $4,981,000, which consists of notes payable. Business-type activities have no outstanding debt.

Long Term Debt
As of September 30,

	Governmental activities	
	2013	2012
PIRRN 2007	$ 820,000	$ 1,075,000
PIRRN 2012	4,161,000	4,250,000
Total	$ 4,981,000	$ 5,325,000

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 on pages 63-64 in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

As the City and country as a whole continue on the path of economic recovery, the Fiscal Year 2013–2014 budget represents a commitment toward continued strategic financial planning to meet the City's goal of providing a high standard of quality life and development opportunities. Over the past year we have had significant announcements from major employers that will bring over 1,300 new jobs to the City. SunRail will begin operating in May 2014 and the City's commitment to transit oriented development will become the cornerstone of growth and economic activity in our Downtown.

The total Fiscal Year 2013-2014 budget is for all funds combined is $33,867,296, compared to the Fiscal Year 2012-2013 budget of $29,104,286, which represents an overall increase of $4,763,010 or 16.37%. This increase can be attributed to a strategic Capital Improvement Plan totaling $5,316,237 including $3,145,462 of projects for the Downtown area and the impending start of SunRail service.

The adopted millage rate is 3.5895, or the rolled-back rate, a reduction of .046 mills from the prior year. For the previous five years the ad valorem millage rate has been 3.6355. With combined property values reflecting a total increase of 3.66%, the roll-back rate will yield $82,061 less in collections than last year.

The City is seeing positive signs of economic recovery with increases development activity. On the commercial side, Verizon's 220,000 square foot building is soon to be completed which should add more than $75,000,000 to the City's tax rolls, 750 jobs over the next three years and much more to the local economy. Digital Risk has completed their $6,000,000 renovation to space in Rinehart Ridge at Century Point adding more than 300 jobs. The Rinehart Place PUD was recently acquired by Florida Hospital. On the residential side, the Fountain Park PUD anticipates adding another 207 units. Colonial Properties anticipates completion of another 132 units. Enclave at Tuscany is nearly complete adding a total of 33 high end homes.

The Downtown transit oriented-district is currently under construction with the Station House, a development that will add 200 upscale apartments and amenities will include the City's participation in a 3-1/2 story parking garage. Station Pointe is in the planning stages that will provide opportunities for offices and retail to be adjacent to the SunRail platform. City projects associated with the Downtown transit-oriented district include a gateway feature, traffic calming features such as roundabouts in several locations, roadway, stormwater and water and sewer improvements, parking, sidewalks and lighting.

The City currently has several economic incentive program obligations totaling $183,667 in Fiscal Year 2013-2014. A new full-time Economic Development position has been created to work with staff and provide guidance to individuals and companies to recruit, establish, relocate, or expand their businesses or to retain businesses within the City. Promoting and marketing the City are expected to be key elements for a successful economic development program.

Departmental operating budgets are relatively flat taking into consideration some delayed maintenance of City facilities and equipment. A merit increase of up to 2% has been approved for employees. The cost of health benefits increased 5.5%. An operations budget for the new Community Center has been established. Additional funding for a Lead Recreation Assistant has been added and with the planned return of the summer camp program, six (6) part-time camp counselors are also included in the budget.

During the current fiscal year, the unassigned fund balance in the general fund was $14,135,652. The City of Lake Mary has appropriated $3,405,855 of this amount for spending in the 2013-2014 fiscal year budget. A total of $3,019,921 of next year's appropriation is to for transfers to other funds including $2,130,000 to fund general capital projects, $631,921 to pay for debt service and $258,000 to fund the employee health clinic.

Requests for Information

This financial report is designed to provide a general overview of the City of Lake Mary'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 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 Position
September 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 11,171,863	$ 5,108,822	$ 16,280,685
Investments	12,963,630	10,041,611	23,005,241
Interest receivable	40,409	26,875	67,284
Accounts Receivable (net of allowance for uncollectibles)	992,059	392,203	1,384,262
Internal balances	4,142	(4,142)	-
Due from other governmental units	590,544	-	590,544
Unbilled service charges	897	128,966	129,863
Special assessments - current	2,842	57,368	60,210
Inventories	37,771	59,518	97,289
Prepaid items	64,493	38,970	103,463
Health insurance claims escrow	59,000	-	59,000
Restricted assets:			
Temporarily restricted cash or investments:	308,767	1,319,692	1,628,459
Pension assets	144,944	-	144,944
Special assessments noncurrent	-	65,019	65,019
Capital assets not being depreciated:			
Land	9,352,059	39,548	9,391,607
Construction in progress	212,202	76,845	289,047
Capital assets net of accumulated depreciation:			
Buildings	15,097,896	153,400	15,251,296
Improvements other than buildings	1,294,978	-	1,294,978
Water/sewer system	-	16,433,207	16,433,207
Stormwater system	-	1,391,045	1,391,045
Intangible assets	1,461,650	-	1,461,650
Machinery and equipment	391,200	33,443	424,643
Vehicles	1,946,353	-	1,946,353
Infrastructure	15,391,547	-	15,391,547
Total Assets	71,529,246	35,362,390	106,891,636
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	25,957	-	25,957
Total deferred outflows of resources	25,957		25,957
LIABILITIES			
Accounts payable and other current liabilities	2,216,824	572,108	2,788,932
Unearned revenue	93,549	36,203	129,752
Noncurrent liabilities:			
Liabilities payable from restricted assets	308,767	311,238	620,005
Due within one year	495,543	8,040	503,583
Due in more than one year	5,944,758	104,509	6,049,267
Total liabilities	9,059,441	1,032,098	10,091,539
NET POSITION			
Net investment in capital assets	40,192,842	18,127,488	58,320,330
Restricted for capital improvement	801,493	1,008,454	1,809,947
Unrestricted	21,501,427	15,194,350	36,695,777
Total Net Position	$ 62,495,762	$ 34,330,292	$ 96,826,054

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, 2013

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue Changes in Net Position, Primary Government: Governmental Activities	Net (Expense) Revenue Changes in Net Position, Primary Government: Business-type Activities	Net (Expense) Revenue Changes in Net Position, Primary Government: Total
Primary government:							
Government activities:							
General government	$ 4,092,507	$ 301,952	$ -	$ -	$ (3,790,555)	$ -	$ (3,790,555)
Public works	1,613,698	14,141	330,040	3,947	(1,265,570)	-	(1,265,570)
Public safety	10,803,492	2,496,135	313,376	28,536	(7,965,445)	-	(7,965,445)
Parks and recreation	2,552,985	738,052	-	-	(1,814,933)	-	(1,814,933)
Other physical environment	9,876	2,000	-	-	(7,876)	-	(7,876)
Interest & other fiscal charges on long-term debt	129,925	-	-	-	(129,925)	-	(129,925)
Total governmental activities	19,202,483	3,552,280	643,416	32,483	(14,974,304)	-	(14,974,304)
Business-type activities:							
Water and Sewer	3,483,401	4,277,980	-	261,646	-	1,056,225	1,056,225
Stormwater	366,152	379,816	-	-	-	13,664	13,664
Total business-type activities	3,849,553	4,657,796	-	261,646	-	1,069,889	1,069,889
Total primary government	$ 23,052,036	$ 8,210,076	$ 643,416	$ 294,129	(14,974,304)	1,069,889	(13,904,415)
General revenues:							
Property taxes					6,029,358	-	6,029,358
Franchise & utility taxes					6,169,211	-	6,169,211
Unrestricted intergovernmental revenues					1,053,359	-	1,053,359
Unrestricted investment earnings					1,590	(250)	1,340
Miscellaneous revenues					127,342	-	127,342
Transfers					949,935	(949,935)	-
Total general revenues and transfers					14,330,795	(950,185)	13,380,610
Change in net position					(643,509)	119,704	(523,805)
Net position - beginning, as restated					63,139,271	34,210,588	97,349,859
Net position - ending					$ 62,495,762	$ 34,330,292	$ 96,826,054

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

City of Lake Mary, Florida
Balance Sheet
Governmental Funds
September 30, 2013

`	General Fund	Pension Premium Tax Trust	General Capital Projects Fund	2nd Generation One Cent Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 7,640,870	$ -	$ 12,061	$ 255,256	$ 1,236,414	$ 9,144,601
Investments	9,797,838	-	1,431	1,045,857	325,546	11,170,672
Interest receivable	30,292	-	-	2,135	1,624	34,051
Receivables (net of allow-						
ance for uncollectibles)	988,559	-	-	-	-	988,559
Unbilled service charges	897	-	-	-	-	897
Due from other funds	200,000	-	-	-	-	200,000
Due from other governments	293,802	296,742	-	-	-	590,544
Special assessments-current	2,842	-	-	-	-	2,842
Inventories	2,753	-	-	-	-	2,753
Prepaid items	-	-	64,493	-	-	64,493
Restricted cash and cash equivalents	308,767	-	-	-	-	308,767
Total assets	$ 19,266,620	$ 296,742	$ 77,985	$ 1,303,248	$ 1,563,584	$ 22,508,179
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	$ 643,725	$ 296,742	$ 28,434	$ 497,347	$ -	$ 1,466,248
Accrued liabilities	412,209	-	-	-	-	412,209
Retainage payable	-	-	-	53,959	-	53,959
Due to other funds	45,046	-	-	-	-	45,046
Due to other governments	112,758	-	-	-	-	112,758
Unearned revenue	93,549	-	-	-	-	93,549
Other liabilities	85,667	-	-	-	-	85,667
Compensated absences	23,639	-	-	-	-	23,639
Liabilities payable from restricted assets	308,767	-	-	-	-	308,767
Total liabilities	1,725,360	296,742	28,434	551,306	-	2,601,842
Fund Balances						
Non spendable:	2,753	-	64,493	-	-	67,246
Restricted:	-	-	-	751,942	1,004,102	1,756,044
Committed:	-	-	-	-	559,482	559,482
Assigned:	3,402,855	-	-	-	-	3,402,855
Unassigned	14,135,652	-	(14,942)	-	-	14,120,710
Total fund balance	17,541,260	-	49,551	751,942	1,563,584	19,906,337
Total liabilities and fund balances	$ 19,266,620	$ 296,742	$ 77,985	$ 1,303,248	$ 1,563,584	$ 22,508,179

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

City of Lake Mary, Florida
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
September 30, 2013

Amounts reported for governmental activities in the statement of net position (page 25) are different because:

Total fund balances - governmental funds (page 27)		$ 19,906,337
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		43,201,532
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 position.		5,625,507
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in the funds:		
Governmental notes payable:	(4,981,000)	
Deferred charge on refunding	25,957	
Compensated absences	(1,287,827)	
Other post employment benefits	(139,688)	(6,382,558)
The cumulative net pension contribution in excess of the annual required contribution is presented as an asset on the entity-wide statement of net position in accordance with GASB Statement No. 27.		144,944
Net position of governmental activities		$ 62,495,762

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
Governmental Funds
For the Year Ended September 30, 2013

	General Fund	Pension Premium Tax Trust	General Capital Projects Fund	2nd Generation One Cent Sales Tax Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	$ 6,029,358	$ -	$ -	$ -	$ -	$ 6,029,358
Franchise and utility taxes	6,169,211	-	-	-	-	6,169,211
Licenses and permits	1,772,092	-	-	-	-	1,772,092
Intergovernmental revenues	1,408,071	299,540	28,536	3,947	-	1,740,094
Charges for services	1,323,475	-	-	-	2,000	1,325,475
Impact fees/assessments	32,484	-	-	-	287,864	320,348
Fines and forfeitures	107,394	-	-	-	16,135	123,529
Investment income	(1,038)	-	-	(472)	(550)	(2,060)
Other	127,288	-	-	-	54	127,342
Total revenues	16,968,335	299,540	28,536	3,475	305,503	17,605,389
EXPENDITURES						
Current:						
General government	3,090,731	-	481,546	-	-	3,572,277
Public works	651,386	-	16,987	339,845	-	1,008,218
Public safety	10,041,250	299,540	83,695	-	91,256	10,515,741
Parks and recreation	2,030,471	-	65,853	-	-	2,096,324
Other physical environment	-	-	-	-	3,988	3,988
Debt service:						
Principal	-	-	-	-	344,000	344,000
Interest and other fiscal charges	-	-	-	-	127,928	127,928
Capital outlay:						
General government	-	-	2,298,417	-	-	2,298,417
Public works	-	-	19,936	628,328	-	648,264
Public safety	-	-	48,547	-	155,450	203,997
Parks and recreation	-	-	19,511	-	21,500	41,011
Total expenditures	15,813,838	299,540	3,034,492	968,173	744,122	20,860,165
Excess(deficiency) of revenues over(under) expenditures	1,154,497	-	(3,005,956)	(964,698)	(438,619)	(3,254,776)
OTHER FINANCING SOURCES (USES)						
Transfers in	900,000	-	-	-	574,515	1,474,515
Transfers out	(882,330)	-	-	-	-	(882,330)
Sale of general capital assets	-	-	2,208,671	-	-	2,208,671
Total other financing sources (uses)	17,670	-	2,208,671	-	574,515	2,800,856
Net change in fund balances	1,172,167	-	(797,285)	(964,698)	135,896	(453,920)
Fund balances - beginning	16,369,093	-	846,836	1,716,640	1,427,688	20,360,257
Fund balances - ending	$ 17,541,260	$ -	$ 49,551	$ 751,942	$ 1,563,584	$ 19,906,337

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 of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2013

Amounts reported for governmental activities in the Statement of Activities (Page 26) are different because:		
Net change in fund balances -- total governmental funds		$ (453,920)
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	$ 3,191,689	
Current year depreciation	(1,780,212)	1,411,477
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.		(2,405,554)
Repayment of note principal is an expenditure in governmental funds. While repayment utlizes current assets, it has no effect on net position. Issuance costs are expended in governmental funds.		
Principal payments		344,000
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 position of the internal service funds are reported allocated to governmental activities.		
Change in net position of the internal service funds	634,132	
General capital assets contributed to internal service funds	(67,802)	566,330
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.		14,164
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.		(120,006)
Change in net position of governmental activities (page 26)		$ (643,509)

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

City of Lake Mary, Florida
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2013

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES				
Taxes:				
Property	$ 5,943,112	$ 5,943,112	$ 6,029,358	$ 86,246
Franchise and utility taxes	6,081,614	6,106,614	6,169,211	62,597
Licenses and permits	974,415	974,415	1,772,092	797,677
Intergovernmental revenues	1,382,427	1,384,523	1,408,071	23,548
Charges for services	1,195,250	1,195,250	1,323,475	128,225
Impact fees/assessments	32,000	32,000	32,484	484
Fines and forfeitures	47,686	47,686	107,394	59,708
Investment income	132,000	132,000	(1,038)	(133,038)
Other	100,000	133,400	127,288	(6,112)
Total revenues	15,888,504	15,949,000	16,968,335	1,019,335
EXPENDITURES				
Current:				
General government	3,523,110	3,581,510	3,090,731	490,779
Public works	660,436	660,436	651,386	9,050
Public safety	10,376,805	10,378,901	10,041,250	337,651
Parks and recreation	2,192,384	2,192,384	2,030,471	161,913
Total expenditures	16,752,735	16,813,231	15,813,838	999,393
Excess (deficiencies) of revenues over (under) expenditures	(864,231)	(864,231)	1,154,497	2,018,728
OTHER FINANCING SOURCES (USES)				
Transfers in	900,000	900,000	900,000	-
Transfers out	(882,330)	(882,330)	(882,330)	-
Total other financing sources and uses	17,670	17,670	17,670	-
Net change in fund balances	(846,561)	(846,561)	1,172,167	2,018,728
Fund balances - beginning	16,369,093	16,369,093	16,369,093	-
Fund balances - ending	$ 15,522,532	$ 15,522,532	$ 17,541,260	$ 2,018,728

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

City of Lake Mary, Florida
Statement of Net Position
Proprietary Funds
As of September 30, 2013

	Business Type Activities - Enterprise Funds			
	Water and Sewer Fund	Stormwater Utility Fund	Total	Governmental Activities - Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	$ 4,360,213	$ 748,609	$ 5,108,822	$ 2,027,262
Investments	9,891,325	150,286	10,041,611	1,792,958
Interest receivable	25,390	1,485	26,875	6,358
Accounts receivable (net of allowance for uncollectibles)	358,005	34,198	392,203	3,500
Due from other funds	-	-	-	50,061
Unbilled service charges	118,149	10,817	128,966	-
Special assessments - current	50,684	6,684	57,368	-
Inventories	59,518	-	59,518	35,018
Prepaid items	38,970	-	38,970	-
Health insurance claims escrow	-	-	-	59,000
Total current assets	14,902,254	952,079	15,854,333	3,974,157
Noncurrent assets:				
Restricted investments:				
Customer deposits	311,238	-	311,238	-
Impact fee funds	1,008,454	-	1,008,454	-
Total restricted assets	1,319,692	-	1,319,692	-
Special assessments - noncurrent	65,019	-	65,019	-
Capital assets:				
Land	39,548	-	39,548	-
Buildings	472,000	-	472,000	-
Water/sewer system	22,938,456	-	22,938,456	-
Stormwater system	-	2,972,008	2,972,008	-
Intangible assets	102,200	-	102,200	-
Machinery and equipment	199,104	14,975	214,079	-
Vehicles	-	-	-	5,215,779
Construction in progress	45,710	31,135	76,845	-
Less accumulated depreciation	(7,091,709)	(1,595,939)	(8,687,648)	(3,269,426)
Total capital assets (net of accumulated depreciation)	16,705,309	1,422,179	18,127,488	1,946,353
Total noncurrent assets	18,090,020	1,422,179	19,512,199	1,946,353
Total assets	$ 32,992,274	$ 2,374,258	$ 35,366,532	$ 5,920,510

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

	Business Type Activities - Enterprise Funds			
	Water and Sewer Fund	Stormwater Utility Fund	Total	Governmental Activities - Internal Service Funds
LIABILITIES				
Current liabilities:				
Accounts payable	$ 144,206	$ 4,016	$ 148,222	$ 55,846
Accrued liabilities	24,183	4,475	28,658	6,498
Due to other government	395,228	-	395,228	-
Due to other funds	3,559	583	4,142	200,873
Compensated absences	7,110	930	8,040	2,543
Total current liabilities	574,286	10,004	584,290	265,760
Noncurrent liabilities:				
Liabilities payable from restricted assets:				
Customer deposits	311,238	-	311,238	-
Unearned revenue	36,203	-	36,203	-
Compensated absences	81,770	10,699	92,469	29,243
Other noncurrent liabilities	10,542	1,498	12,040	-
Total noncurrent liabilities	439,753	12,197	451,950	29,243
Total liabilities	1,014,039	22,201	1,036,240	295,003
NET POSITION				
Net investment in capital assets	16,705,309	1,422,179	18,127,488	1,946,353
Restricted for capital improvement	1,008,454	-	1,008,454	-
Unrestricted	14,264,472	929,878	15,194,350	3,679,154
Total net position	31,978,235	2,352,057	34,330,292	5,625,507

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City of Lake Mary, Florida
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2013

	Business Type Activities - Enterprise Funds			
	Water and Sewer Fund	Stormwater Utility Fund	Totals	Governmental Activities - Internal Service Funds
Operating revenues:				
Charges for sales and services:				
Water sales	$ 2,229,496	$ -	$ 2,229,496	$ -
Sewer revenue	1,918,315	-	1,918,315	-
Stormwater fees	-	379,816	379,816	-
Other service charges	130,169	-	130,169	2,177,799
Total operating revenues	4,277,980	379,816	4,657,796	2,177,799
Operating expenses				
Costs of operations	2,718,270	198,146	2,916,416	1,542,214
Administration	232,272	-	232,272	-
Depreciation	530,879	167,676	698,555	500,929
OPEB expense	1,980	330	2,310	-
Total operating expenses	3,483,401	366,152	3,849,553	2,043,143
Operating income (loss)	794,579	13,664	808,243	134,656
Nonoperating revenues (expenses):				
Investment income	(8)	(242)	(250)	3,650
Gain (loss) on sale of capital assets	-	-	-	70,274
Total nonoperating revenue (expense)	(8)	(242)	(250)	73,924
Income (loss) before contributions and transfers	794,571	13,422	807,993	208,580
Capital contributions - impact fees	261,646	-	261,646	-
Capital contributions - developers & others	-	-	-	67,802
Transfers in	-	-	-	357,750
Transfers out	(949,935)	-	(949,935)	-
Change in net position	106,282	13,422	119,704	634,132
Net position - beginning	31,871,953	2,338,635	34,210,588	4,991,375
Net position - ending	$ 31,978,235	$ 2,352,057	$ 34,330,292	$ 5,625,507

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, 2013

	Business-type Activities - Enterprise Funds			
	Water and Sewer Fund	Stormwater Utility Fund	Totals	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 4,191,489	$ 369,576	$ 4,561,065	$ -
Other operating cash receipts	130,169	-	130,169	1,583
Receipts from interfund services provided	-	-	-	2,165,302
Payments to suppliers	(1,939,903)	(63,911)	(2,003,814)	(1,452,594)
Payments to employees	(709,594)	(134,050)	(843,644)	(196,351)
Net cash provided by operating activities	1,672,161	171,615	1,843,776	517,940
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers (to)/from other funds	(949,935)	-	(949,935)	357,750
Net cash provided (used) by noncapital and related financing activities	(949,935)	-	(949,935)	357,750
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions - impact fees	261,646	-	261,646	-
Acquisition and construction of capital assets	(91,907)	(131,136)	(223,043)	(634,777)
Proceeds from sales of capital assets	-	-	-	110,335
Net cash provided (used) by capital and related financing activities	169,739	(131,136)	38,603	(524,442)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales or maturities of investments	4,750,000	-	4,750,000	-
Purchases of investments	(6,250,000)	-	(6,250,000)	-
Interest and dividends received	89,165	4,997	94,162	21,261
Net cash provided (used) by investing activities	(1,410,835)	4,997	(1,405,838)	21,261
Net increase (decrease) in cash and cash equivalents	(518,870)	45,476	(473,394)	372,509
Cash and cash equivalents October 1	4,879,083	703,133	5,582,216	1,654,753
Cash and cash equivalents September 30	$ 4,360,213	$ 748,609	$ 5,108,822	$ 2,027,262

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

	Business-type Activities - Enterprise Funds			
	Water and Sewer Fund	Stormwater Utility Fund	Totals	Governmental Activities - Internal Service Funds
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	$ 794,579	$ 13,664	$ 808,243	$ 134,656
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	530,879	167,676	698,555	500,929
(Increase) decrease in customer accounts receivable	(2,188)	(9,729)	(11,917)	(10,915)
(Increase) decrease in unbilled service charges	(7,003)	(511)	(7,514)	-
(Increase) decrease in special assessments	52,869	-	52,869	-
(Increase) decrease in inventory	(12,058)	-	(12,058)	172
Increase (decrease) in customer deposits	(5,169)	-	(5,169)	-
Increase (decrease) in accounts payable	(73,488)	(2,263)	(75,751)	(110,210)
Increase (decrease) accrued expenses	(472)	543	71	623
Increase (decrease) in OPEB obligation	1,980	330	2,310	-
Increase (decrease) in compensated absences payable	12,536	1,828	14,364	2,570
Increase (decrease) in unearned revenue	(16,000)	-	(16,000)	-
Increase (decrease) in due to other funds	468	77	545	115
Increase (decrease) in due to other government	395,228	-	395,228	-
Total adjustments	877,582	157,951	1,035,533	383,284
Net cash provided by operating activities	$ 1,672,161	$ 171,615	$ 1,843,776	$ 517,940

The Water and Sewer Fund had a non-cash loss in the fair value of investments of ($93,734); the Stormwater Fund had a non-cash loss in the fair value of investment of ($5,492); and the Internal Service Funds have a combined non-cash loss in the fair value of investments of ($19,229). Internal Service Funds also had a non-cash contribution of $67,802 from other governmental funds.

City of Lake Mary, Florida
Statement of Net Position
Fiduciary Funds
September 30, 2013

	Total Employee Pension Funds
ASSETS	
Cash and cash equivalents	$ 2,594,116
Receivables:	
Interest receivable	58,897
Notes receivable - employee	22,895
Contributions receivable - employer	12,877
Contributions receivable - state	292,465
Total receivables	387,134
Investments at fair value	
Domestic corporate & govt bonds	6,872,680
Domestic stocks	19,039,505
Other securities	2,899,553
Total investments	28,811,738
Total assets	31,792,988
LIABILITIES	
Accounts payable	55,434
Total liabilities	55,434
NET POSITION	
Net position held in trust for pension benefits and other purposes	$ 31,737,554

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

City of Lake Mary, Florida
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended September 30, 2013

	Total Employee Pension Funds
ADDITIONS	
Contributions:	
Employer contributions	$ 1,821,480
State contributions	295,263
Employee contributions	327,401
Total contributions	2,444,144
Investment earnings	
Interest	574,323
Net increase (decrease) in fair value of investments	3,115,574
Net investment earnings (loss)	3,689,897
Total additions	6,134,041
DEDUCTIONS	
Benefit payments	904,876
Refunds of contributions	11,515
Administrative expenses	203,856
Total deductions	1,120,247
Change in net position	5,013,794
Net position - beginning	26,723,760
Net position - ending	$ 31,737,554

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, 2013

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.

I. Summary of significant accounting policies

A. Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. The *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting entity

The City of Lake Mary is a municipal corporation governed by an elected mayor and a four member commission. 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.

C. Basis of presentation - government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. 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.

As a general rule, the effect of interfund activity has been removed from the government-wide statements. Exceptions to this rule are charges between the City's water, sewer and stormwater 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.

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.

D. Basis of presentation – fund financial statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category, governmental, proprietary, and fiduciary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

The g*eneral 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 *pension premium tax trust fund* accounts for state contributions included as part of insurance premiums paid by business entities within City limits. These funds are to be used solely for the benefit of police and fire pension plans.

The *capital projects fund* accounts for the acquisition and construction of the government's major capital facilities, other than those financed by proprietary funds.

The s*econd 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.

The government reports the following major enterprise funds:

The w*ater and sewer fund* is used to account for the operations of the City's water and wastewater systems, which are financed in a manner similar to private business enterprises, where the costs, including depreciation, of providing services to the general public on an ongoing basis are financed primarily through user charges.

Additionally, the government reports the following 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 the Cemetery Fund.

The *debt service fund* account for the accumuilation of resources for and the payment of principal and interest on certain long-term debt.

The s*tormwater 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.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due to/from other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly,

balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements there amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources or economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue 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, and claims and judgements, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). 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.

The proprietary and pension trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

Unearned revenues in governmental funds include amounts collected before revenue recognition criteria are met. The unearned amount typically consists of license revenue collected in advance of the ensuing year.

F. Budgetary information

1. Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. 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 fund because effective budgetary control is alternatively achieved through repayment provisions. Formal budget integration is also not employed for the capital projects funds because capital projects funds are appropriated on a project-length basis. Transfers of appropriations between departments require the approval of the City Manager. Revisions that alter the total expenditures of any fund must be approved by the City Commission.

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is at the fund level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executor contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

2. Excess of expenditures over appropriations

For the year ended September 30, 2013, expenditures did not exceeded appropriations in any fund.

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

1. *Cash and cash equivalents*

The government'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 maintains a cash and investment pool that is used by all funds. This pool includes deposits and overnight repurchase agreements. Pooled cash is classified as "Cash" in the Balance Sheet. Interest income earned as a result of pooling is distributed to the appropriate funds based on the month end equity balance in each fund.

2. Investments

Investments for the government are reported at fair value (generally based on quoted market prices).

3. Inventories and prepaid items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies and vehicle repair parts. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. 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 2013 is $1,778,741 for governmental funds, $39,818 for business-type activities and $53,123 for internal service funds.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at

historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spend in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant and equipment and infrastructure of the primary government are depreciated using the straight line method over the following estimated 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 2013.

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

5. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item which qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. City of Lake Mary does not have any item that qualifies for reporting in this category for the year ended September 30, 2013.

6. Net position flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City of Lake Mary's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

7. Fund balance flow assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

8. Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations of the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The City Commission is the highest level of decision–making authority that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The Commission has by resolution authorized the finance director to assign fund balance. The commission may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

H. Revenues and expenditures/expenses

1. *Program revenues*.

Amounts reported as *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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property taxes

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, 2013 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. Compensated absences

<u>Vacation</u>

City of Lake Mary policy permits employees to accumulate up to 240 hours per fiscal year end, of earned but unused vacation benefits, which are eligible for payment upon separation from government service.

The liability for such leave is reported as incurred in the government-wide and proprietary fund statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Sick Leave

The City's policy permits employees to accumulate earned but unused sick leave benefits, which are eligible for payment at 50% upon separation from government service, to a maximum of 240 hours of pay. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

4. Proprietary funds operating and nonoperating revenues and expenses

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 water and sewer fund, the stormwater fund, and internal service funds are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

I. Other significant accounting policies

1. New GASB statements implemented

In fiscal year 2013, the City implemented GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which specifically identifies and consolidated that accounting and financial report provisions that apply to state and local governments.

In fiscal year 2013, the City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which establishes guidance for reporting deferred outflows or resources, deferred inflow of resources, and net position in a statement of financial position.

In fiscal year 2013, the City implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities,* which clarifies the appropriated reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting.

2. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities of the financial statement date and the reported amounts of revenues and expenses or expenditures during the reporting period. Actual results could differ from those estimates.

II. Accounting changes

Beginning net position of Governmental Activities has been adjusted for the effect of implementation of GASB No. 65. GASB No. 65 now requires bond issuance costs be expensed when incurred and not capitalized. As a result, the net position of governmental activities at the beginning of the year was decreased by $40,326. This adjustment has no effect on operations of the preceding year.

Net position - beginning as previously stated	$ 63,179,597
Accounting change	(40,326)
Net position - beginning, as restated	$ 63,139,271

III. 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 position

The governmental fund balance sheet includes reconciliation between *fund-balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position.

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 reconciliation between *net changes in fund balances – total governmental funds* and *change in net position of governmental activities* as reported in the government-wide statement of activities.

IV. Stewardship, compliance and accountability

A. Budgetary information

The City follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. 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.

2. Public hearings are conducted to obtain taxpayers comments.

3. The budget is approved by the Commission and becomes the basis for the millage levied by the Commission.

4. 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.

5. 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.

6. The budgets for the General Fund and Special Revenue Funds are legally adopted on a basis consistent with generally accepted accounting principles.

7. Budgeted amounts are as originally adopted, or as amended, in accordance with City ordinance.

8. 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.

B. Fund balance/net position policy

In accordance with Resolution No's 800 and 924, the City designates that a minimum amount equal to 25 percent of the current fiscal year expenditures of the General Fund be maintained as unassigned fund balance and 25 percent of the current year expenditures of each Enterprise Fund, as unrestricted net position. 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 position 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 unassigned fund balance, or unrestricted net position 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 requirements. Compliance with the resolution is part of the annual budget process.

V. Detailed notes on all activities and funds

A. Cash deposits with financial institutions

Custodial credit risk-deposits, In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At September 30, 2013, the carrying amount of the City's deposits was $7,011,681 and the bank balance was $7,074,321.

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

The City utilizes a pooled investment concept for all its funds to maximize its investment program. Income for this internal pooling is allocated to the respective funds based upon the sources of funds invested.

As of September 30, 2013, the City had the following investments.

Investment Type	Fair Value	Weighted Average Maturity (years)
U.S. Agencies	$ 24,559,982	4.34
Money Market Funds	9,268,485	n/a
Certificate of Deposit	73,716	n/a
Total Fair Value of Investments	$ 33,902,183	

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, 2013. All agencies held by the City on September 30, 2013, are rated AA+ or higher by Standard & Poor's.

Concentration of credit risk. Assets held shall be diversified to control the risk of loss resulting from over-concentration of assets in a specific maturity, issuer, instruments, dealer or bank through which these instruments are bought and sold. Diversification strategies within the established guidelines of the City's investment Policy shall be reviewed and revised periodically as necessary.

Custodial credit risk-investments. For an investment, this is the risk that, in the event of the failures of the counterparty, the government will not be able to recover the value of it investments or collateral securities that are in the possession of an outside party. The City's investments are insured or registered and held by its agent in the City's name.

As of September 30, 2013, 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, 2013:

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	$ 229,130	5.75	790,654	5.68	$ -	n/a
U.S. Agencies & BAB's	611,824	11.91	1,352,923	19.80	-	n/a
Corporate Bonds	2,887,464	3.05	875,503	8.18	125,182 *	unk
Corporate Stocks	7,858,532	n/a	6,031,053	n/a	5,149,920	n/a
International Stocks	995,069	n/a	1,801,967	n/a	102,517	n/a
Total Investments	12,582,019		10,852,100		5,377,619	
Cash and Cash Equivalents	1,374,227	n/a	570,528	n/a	649,361	n/a
Total Cash and Investments	$ 13,956,246		$ 11,422,628		$ 6,026,980	

* 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, 79% are rated by Moody's as A3 or better, 11% are rated by Moody's as Baa1 to Baa3, and 10% unrated. Fire Pension investments are 40% rated by Moody's as A3 or better, 10% rated Baa1 to Baa3, with 50% 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, 2013, 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.

C. Receivables

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. Below is the detail of receivables for the general fund, all other governmental funds in the aggregate, water and sewer fund, stormwater fund, and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts:

Receivables	General	All Other Governmen-tal Funds	Water and Sewer Fund	Stormwater Fund	Internal Service Funds	Total
Accounts receivable	$ 1,189,852	$ -	$ 362,771	$ 34,617	$ 3,500	$ 1,590,740
Less: Allowance for uncollectibles	(201,293)	-	(4,766)	(419)	-	(206,478)
Net receivables	$ 988,559	$ -	$ 358,005	$ 34,198	$ 3,500	$ 1,384,262

D. Capital Assets

Capital assets activity for the year ended September 30, 2013 was as follows:

Governmental activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 8,571,589	$ 421,052	$ (2,195,342)	$ 6,797,299
Land under infrastructure	2,554,760	-	-	2,554,760
Construction in progress	324,273	1,353,958	(1,466,029)	212,202
Total capital assets, not being depreciated	11,450,622	1,775,010	(3,661,371)	9,564,261
Capital assets, being depreciated:				
Buildings	24,041,953	384,225	(137,341)	24,288,837
Improvements other than bldg.	4,089,034	12,375	-	4,101,409
Intangible assets	127,071	1,448,534	-	1,575,605
Equipment	1,964,704	74,046	-	2,038,750
Infrastructure	24,256,117	895,726	(195,430)	24,956,413
Vehicles	4,994,906	702,579	(481,706)	5,215,779
Total capital assets, being depreciated:	59,473,785	3,517,485	(814,477)	62,176,793
Less accumulated depreciation for				
Buildings	(8,337,371)	(876,460)	22,890	(9,190,941)
Improvements other than buildings	(2,583,835)	(222,596)	-	(2,806,431)
Intangible assets	(97,978)	(15,977)	-	(113,955)
Equipment	(1,510,066)	(137,484)	-	(1,647,550)
Infrastructure	(9,136,840)	(527,695)	99,669	(9,564,866)
Vehicles	(3,212,454)	(500,929)	443,957	(3,269,426)
Total accumulated depreciation	(24,878,544)	(2,281,141)	566,516	(26,593,169)
Total capital assets, being depreciated,net	34,595,241	1,236,344	(247,961)	35,583,624
Governmental activities capital assets,net	$ 46,045,863	$ 3,011,354	$ (3,909,332)	$ 45,147,885

Business-type activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 39,548	$ -	$ -	$ 39,548
Construction in progress	169,025	111,912	(204,092)	76,845
Total capital assets, not being depreciated	208,573	111,912	(204,092)	116,393
Capital assets, being depreciated:				
Buildings	472,000	-	-	472,000
Water/sewer system	22,734,364	204,092	-	22,938,456
Stormwater system	3,005,740	100,000	(133,732)	2,972,008
Intangible Assets	102,200	-	-	102,200
Machinery and equipment	202,948	11,131	-	214,079
Total capital assets, being depreciated:	26,517,252	315,223	(133,732)	26,698,743
Less accumulated depreciation for				
Buildings	(306,800)	(11,800)	-	(318,600)
Water/sewer system	(5,996,847)	(508,402)	-	(6,505,249)
Stormwater system	(1,547,019)	(167,676)	133,732	(1,580,963)
Intangible Assets	(102,200)	-	-	(102,200)
Machinery and equipment	(169,959)	(10,677)	-	(180,636)
Total accumulated depreciation	(8,122,825)	(698,555)	133,732	(8,687,648)
Total capital assets, being depreciated,net	18,394,427	(383,332)	-	18,011,095
Business-type capital assets,net	$ 18,603,000	$ (271,420)	$ (204,092)	$ 18,127,488

Depreciation expense was charged to governmental functions as follows:	
General government	$ 399,638
Public works	528,953
Police	185,639
Fire	193,162
Parks	466,932
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	500,929
Total depreciation expense	$ 2,281,141

Depreciation expense was charged to business type activities as follows:	
Water/sewer system	$ 530,879
Stormwater system	167,676
Total depreciation expense	$ 698,555

E. Accrued liabilities

Accrued liabilities reported by governmental funds at September 30, 2013 all relate to employee salary and benefits.

F. Pension Obligations

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 Position. These assets, detailed below, equal $144,944 for fiscal year 2013. In accordance with GAAP, the City recorded the direct state pension contribution from insurance premium payments in the amount of $295,263 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, 2013, were determined as part of the actuarial valuation of the each plan as of October 1, 2011, and reviewed as part of the actuarial valuation as of October 1, 2012, 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, 2013 were as follows:

	Police Officers' Pension Fund	Firefighters' Pension Fund
Annual Required Contribution (ARC)	$ 905,560	$ 695,647
Interest on Net Penson Obligation (NPO)	(1,353)	(8,794)
Adjustment to ARC	2,000	(11,293)
Annual Pension Cost (APC)	906,207	698,146
City and State Contributions Made	905,561	712,956
Increase/(decrease) in NPO	646	(14,810)
NPO beginning of year	(18,036)	(112,744)
NPO end of year	$ (17,390)	$ (127,554)

Three Year Trend Information:

	Police Officers' Pension Fund		
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
September 30, 2013	$ 906,207	100%	$ (17,390)
September 30, 2012	747,811	100%	(18,036)
September 30, 2011	558,007	100%	(15,041)

	Firefighters' Pension Fund		
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
September 30, 2013	$ 698,146	102%	$ (127,554)
September 30, 2012	643,178	104%	(112,744)
September 30, 2011	565,404	104%	(90,229)

As of October 1, 2013, the most recent actuarial valuation date, the Police Officers' plan was 93.1% funded. The actuarial accrued liability (AAL) for benefits was $14,119,801, and the actuarial value of plan assets was $13,144,745, resulting in an unfunded actuarial accrued liability (UAAL) of $975,056. The covered payroll (annual payroll of active employees covered by the plan) was $2,540,321, and the ratio of the UAAL to the covered payroll was 38.4%.

As of October 1, 2013, the most recent actuarial valuation date, the Firefighters' plan was 82.6% funded. The actuarial accrued liability (AAL) for benefits was $13,158,732, and the actuarial value of plan assets was $10,873,380, resulting in an unfunded actuarial accrued liability (UAAL) of $2,285,352. The covered payroll (annual payroll of active employees covered by the plan) was $2,540,246, and the ratio of the UAAL to the covered payroll was 90.0%.

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, 2013 to be reserved for the police and firefighter pension funds are $14,108,691 and $11,578,988 respectively. Firefighter pension plan includes two members currently in the Deferred Retirement Option Plan (DROP) with a contribution balance as of September 30, 2013, of $376,137.

Both plans use the level percentage of pay, closed amortization method. Police Officer's fund reports a 28 year amortization period remaining while Firefighters' report a 22 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 components of favorable experience included average increases in pensionable earnings that were less than expected and an 8.7% investment return (Actuarial Asset Basis) that exceeded the 7.5% assumption. Partially offsetting these gains were the effects of less than expected turnover and no mortality. Firefighters Pension plan had a net actuarial loss of $64,309 which means that actual experienced a less favorable than expected on the basis of actuarial assumptions. Losses due to recognized investment return below the assumed rate of 7.8% were partially offset by gains due to lower than expected salary increases. The investment return was 11.8% based on market value of assets, but only 7.0% based on actuarial value of assets. The net loss has increased the required employer contribution by 0.30% of covered payroll.

	POLICE	FIRE
SUMMARY PLAN PROVISIONS:		
Eligibility	All active and future Police Officers.	All active and future Firefighters, full-time or volunteer participate in the Plan as a condition of employment.
Salary	Total compensation reportable on W-2, plus all tax-deferred, tax-exempt and tax-sheltered items of income. For service earned after 7/1/11, salary shall include no more than 300 hours overtime per calendar year and lump sum termination sick or vacation leave will be excluded.	For full-time firefighters, total firefighter compensation including all tax deferred, tax sheltered and tax exempt items of income, but excluding overtime in excess of 300 and lump sum payments of vacation and sick leave upon termination. For volunteers, total annual compensation excluding bonuses, prorated on a monthly basis.
Average Final Compensation	Average of the five (5) best years of the final 10 years of service.	1/12th of the average compensation for the best 5 years out of the last 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 times Credited Service.	3.2% of Average Final Compensation times Credited Service.
Form of Benefit	Life, with 10 years certain.	10 years certain and Life thereafter; other options 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.	10 years certain and Life thereafter; other options available.
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.

	POLICE	FIRE
5 Years or more	Refund of Contributions or Vested Accrued benefit payable at Normal (unreduced) or Early (reduced) Retirement Date.	Refund of Contributions or Vested Accrued benefit payable at Normal (unreduced) or Early (reduced) Retirement Date.
DISABILITY BENEFIT:		
Line of Duty	The greater of 1) 50% of salary at the time of the disability 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 accrued normal retirement benefit.
Non Line of Duty	A vested Member receives the Member's accrued pension. A Member that is not vested is refunded accrued contributions.	If a Member is vested, the Member receives one half of the Line-of-Duty benefit; if a Member is not vested, the accrued contributions will be refunded plus 5% annual interest.
DEATH BENEFIT:		
Prior to Retirement		
Line of Duty	If vested, the spouse will receive the greater of 1) 10% of the Member's yearly compensation for life or 2) the monthly actuarial equivalent of the accrued normal or early retirement benefit. If there is no Spouse, then a dependent child can receive benefit until age 18.	Beneficiary will receive the greater of 1) 10% of the Member's yearly compensation or 2) the monthly actuarial equivalent of the present value of the member's accrued Normal 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.	Benefit determined by the form of benefit elected upon retirement.
CONTRIBUTIONS:		
Plan Members	5.0% of Salary	5.0% of Salary
City	32.3% of Salary	24.28% of Salary
Annual Pension Cost	906,207	698,146
Contributions Made	905,561	712,956
ACTUARIAL VALUATION:		
Frequency	Annual	Annual
Latest Date	10/1/2013	10/1/2013
Basis for Contribution	10/1/2012	10/1/2012
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
ACTUARIAL ASSUMPTIONS:		
Mortality Rates	RP-2000 Mortality Table - Combined Healthy with no Projection.	RP-2000 Combined Healthy Participant Mortality Table.
Termination Rates	(see Police Table 1)	(see Fire Table 2)
Disability Rates	(see Police Table 1)	(see Fire Table 2)

ACTUARIAL ASSUMPTIONS: (continued)

	POLICE	FIRE
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.	7.8% per year, compounded annually, net of investment related expenses.
Salary Increases	7.0% per year until the assumed retirement age (see table below). Includes inflation at 3%	7.5% per year until the assumed retirement age; see Fire Table 2. Includes inflation and other general increases at 3.0%
Marriage Rate	Assume all are married.	Assumed all are married with male spouses being 3 years older than female spouses.
Payroll Increase	5% per year.	5% per year.
Administrative Expense	$32,915 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:

	POLICE	FIRE
Active Participants:		
Vested	25	31
Non-vested	15	7
Service Retirees & Beneficiai	13	7
Disability Retirees	1	2

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, 2013, payroll for the employees covered by this plan was $4,111,026. Employer contributions required and made were $509,227, with matching contributions of $93,927. During FY 2013, the City was able to reallocate forfeited funds remaining in the plan to reduce its cash contribution by $11,000. As of September 30, 2013, participation in the plan consisted of 93 active members. The outstanding employee loan amount at September 30, 2013 was $22,895.

There is no actuarial valuation required for this plan.

During the fiscal year, the General Plan held no securities issued by the employer.

Individual Fiduciary Fund Statements

Individual statements of net position for the three plans included in the City of Lake Mary fiduciary funds are as follows:

City of Lake Mary, Florida
Individual Statements of Net Position
Fiduciary Funds
September 30, 2013

	Police Pension Trust	Fire Pension Trust	General Employees Pension
ASSETS			
Cash and cash equivalents	$ 1,374,227	$ 570,528	$ 649,361
Receivables:			
Interest receivable	38,467	20,430	-
Notes receivable - employee	-	-	22,895
Contributions receivable - employer	12,877	-	-
Contributions receivable - state	126,989	165,476	-
Total receivables	178,333	185,906	22,895
Investments at fair value			
Domestic corporate & govt bonds	3,728,418	3,019,080	125,182
Domestic stocks	7,858,532	6,031,053	5,149,920
Other securities	995,069	1,801,967	102,517
Total investments	12,582,019	10,852,100	5,377,619
Total assets	14,134,579	11,608,534	6,049,875
LIABILITIES			
Accounts payable	25,888	29,546	-
Total liabilities	25,888	29,546	-
NET POSITION			
Net position held in trust for pension benefits and other purposes	$ 14,108,691	$ 11,578,988	$ 6,049,875

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

City of Lake Mary, Florida
Individual Statements of Changes in Net Position
Fiduciary Funds
For the Year Ended September 30, 2013

	Police Pension Trust	Fire Pension Trust	General Employees Pension
ADDITIONS			
Contributions:			
Employer contributions	$ 778,571	$ 544,682	$ 498,227
State contributions	126,989	168,274	-
Employee contributions	118,529	114,945	93,927
Total contributions	1,024,089	827,901	592,154
Investment earnings			
Interest	298,390	275,933	-
Net increase (decrease) in fair value of investments	1,438,233	969,881	707,460
Net investment earnings (loss)	1,736,623	1,245,814	707,460
Total additions	2,760,712	2,073,715	1,299,614
DEDUCTIONS			
Benefit payments	449,143	282,664	173,069
Refunds of contributions	11,515	-	-
Administrative expenses	119,490	82,798	1,568
Total deductions	580,148	365,462	174,637
Change in net position	2,180,564	1,708,253	1,124,977
Net position - beginning	11,928,127	9,870,735	4,924,898
Net position - ending	$ 14,108,691	$ 11,578,988	$ 6,049,875

G. 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, 2013 is as follows:

Lake Mary Retiree Continuation Insurance Plan	
Annual Required Contribution	$ 42,811
Interest on Net Penson Obligation (NPO)	3,718
Adjustment to Annual Required Contribution	(14,106)
Annual Pension Cost	32,423
City and State Contributions Made	(4,629)
Increase/(Decrease) in NPO	27,794
NPO beginning of year	123,934
NPO end of year	$ 151,728

Three Year Trend Information:

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

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
September 30, 2013	$ 32,423	0%	$ 151,728
September 30, 2012	35,045	10%	123,934
September 30, 2011	22,370	27%	92,284

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.
Eligibility Requirement:

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, and is assumed at 3%.

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:

Age	Rate
22	22.50%
32	10.80%
42	6.50%
52	4.30%
62 and over	0.00%

Annual Rates of Retirement:

Age	Fire & Police	Elected Officials	Other
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

Age	Medical Per Participant	Dental Per Participant
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 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.
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 the retiree selected coverage and whether the retiree elects single or family coverage.

H. Construction and other significant commitments

In July 2013, a Request for Qualifications was awarded for the design-build renovation of the Lake Mary Community Center. The award obligates both parties to a total of $326,700 to complete the project. On 9/30/2013 a total of $22,600 had been encumbered, which was re-appropriated October 1, 2013.

On September 6, 2013, Bids for Request For Proposal 13-09 were due for the Downtown Roadway Improvement Projects. Contracts were negotiated and awarded for consulting engineering services and construction for a total of $1,442,165.

Also in negotiation at September 30, 2013, was a cold mix paving project obligating the City to $299,320. The contract was subsequently signed on 10/3/2013.

Encumbrances. As discussed in note I.F.1, budgetary information, budgetary basis of accounting, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor and re-appropriated October 1, 2104 were as follows:

General fund	$	42,616
Captial projects funds		339,563
Nonmajor governmental funds		8,686
Enterprise funds		67,725
Total	$	458,590

I. Risk management

1. Public Risk Management of Florida

The City is a member of Public Risk Management of Florida (the pool), a local government liability risk pool. The pool has approximately 55 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, 2013. The cost of the insurance is allocated among the appropriate departments and funds.

2. Self-insured for employee health insurance

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 position and activities in an internal service 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 $30,794 represents claims processed through November 2013 which were applicable to the current fiscal year and any additional claims are deemed to be immaterial. Changes to the claims liability during the past two years ended September 30 are as follows:

	2012	2013
Claims liability, beginning of year	$ -	$ 152,002
Incurred claims	262,787	766,473
Payments on claims	(110,785)	(735,679)
Claims liability, end of year	$ 152,002	$ 30,794

J. Lease obligations

1. Capital Leases:

On September 30, 2013, the City had no capital leases outstanding.

2. Operating Leases:

The City leases copier equipment, digital mailing system equipment and folder/inserter equipment under non-cancelable operating leases with a duration of 60 months each. The total cost for such leases was $24,826 for the year ended September 30, 2013. The future minimum lease payments for these leases are as follows:

Year Ending September 30,	
2014	$ 24,414
2015	22,214
2016	18,544
2017	16,512
2018	8,032
Total Operating Leases	$ 89,716

K. Long term liabilities

Notes payable

Notes payable at September 30, 2013 are comprised of the following individual obligations:

Description	Interest Rate	Original Amount	Balance at September 30, 2013
Public Improvement Refunding Revenue Note, Series 2012; due annually on October 1 of each year to October 1, 2027.	2.41%	$ 4,250,000	$ 4,161,000
Public Improvement Revenue Refunding Note, Series 2007 B; due annually on October 1 of each year to October 1, 2015.	3.92%	2,105,000	820,000
Total notes payable			$ 4,981,000

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.

Debt service requirements to maturity:

Fiscal Year Ending Sept. 30,	Principal	Interest	Total Debt Service
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	259,000	73,686	332,686
2019-2023	1,380,000	270,932	1,650,932
2024-2028	1,548,000	94,930	1,642,930
Totals	$ 4,981,000	$ 844,489	$ 5,825,489

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, 2013, the following changes occurred in long term liabilities:

	Balance 09/30/2012	Reductions	Additions	Balance 09/30/2013	Balance Due within One Year
Governmental activities					
Public Improvement Refunding Revenue Note Series 2012	$ 4,250,000	$ (89,000)	$ -	$ 4,161,000	$ 233,000
Public Improvement Refunding Revenue Note Series 2007 B	1,075,000	(255,000)	-	820,000	260,000
Other post employment benefits	114,204	-	25,484	139,688	-
Compensated absences	1,224,518	(57,600)	152,695	1,319,613	2,543
Governmental activity long -term liabilities	$ 6,635,768	$ (401,600)	$ 178,179	$ 6,440,301	$ 495,543
Business-type activities:					
Other post employment benefits	$ 9,730	$ -	$ 2,310	$ 12,040	$ -
Compensated absences	86,145	-	14,364	100,509	8,040
Business-type activity long-term liabilities	$ 95,875	$ -	$ 14,364	$ 112,549	$ 8,040

L. Fund balance

Minimum fund balance policy. In accordance with Resolution No's. 800 and 924, the City designates that a minimum amount equal to 25 percent of the current fiscal year expenditures of the General Fund be maintained as unassigned fund balance and 25 percent of the current year expenditures of each Enterprise Fund, as unrestricted net position. 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 position 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 unassigned fund balance, or unrestricted net position 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 requirements. Compliance with the resolution is part of the annual budget process.

At September 30, 2013, the City's governmental fund balances were classified as follows:

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Fund Balances	General Fund	Pension Premium Tax Trust	General Capital Projects Fund	2nd Generation One Cent Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
Non spendable:						
Inventory/prepaids	$ 2,753	$ -	$ 64,493	$ -	$ -	$ 67,246
Restricted for:						
Public works	-	-	-	-	33,971	33,971
Public safety	-	-	-	-	768,137	768,137
Parks and recreation	-	-	-	-	176,739	176,739
Other physical environment	-	-	-	-	25,255	25,255
Other capital projects	-	-	-	751,942	-	751,942
Committed to:						
Debt service	-	-	-	-	559,482	559,482
Assigned to:						
Debt service	631,921	-	-	-	-	631,921
Health insurance benefits	258,000	-	-	-	-	258,000
Capital projects	2,130,000	-	-	-	-	2,130,000
Subsequent year expenditures	382,934	-	-	-	-	382,934
Unassigned fund balance	14,135,652	-	(14,942)	-	-	14,120,710
Total fund balance	$17,541,260	$ -	$ 49,551	$ 751,942	$1,563,584	$19,906,337

M. Interfund receivables and payables

The composition of interfund balances as of September 30, 2013 is as follows:

Receivable Fund	Payable Fund	Amount
Internal Service - Health Insurance	General Fund	$ 45,046
Internal Service - Health Insurance	Water Sewer fund	3,559
Internal Service - Health Insurance	Stormwater fund	582
Internal Service - Health Insurance	Internal Service - Fleet Maintenance	873
General Fund	Internal Service - Health Insurance	200,000
		$ 250,060

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These amounts also include balances of working capital loans made to the health insurance fund.

N. Interfund transfers

The composition of interfund transfers for the year ended September 30, 2013 is as follows:

Recipient Fund	Amount	Purpose
General Fund	900,000	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.
Health Insurance Fund	49,935	Transfer from Water and Sewer Fund to subsidize costs associated with the Health Clinic.
Health Insurance Fund	307,815	Transfer from General Fund to assist with costs associated with the Health Clinic.
Debt Service Fund	574,515	Transfer from the General Fund to cover the debt service payments for Public Improvement Revenue Note Series 2007 B, and Public Improvement Revenue Refunding Note Series 2012.

O. Contingencies

The City participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the government's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City anticipates such amounts, if any, will be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City Attorney the resolution of these matters will not have a material adverse effect on the financial condition of the City.

In accordance with s. 288.106, Florida Statutes, the City has agreed to participate in the Qualified Target Industry (QTI) Tax Refund Program. Verizon Corporate Resources Group, LLC, plans to create 750 new jobs on a phased schedule with an estimated 300 positions being established before the end of 2014, 150 more in 2015, and an additional 300 in 2016, with an average wage of $50,000. The City, in conjunction with Seminole County, agrees to local financial support for the program in the amount of $2,250,000 which will be divided equally between Seminole County and the City of Lake Mary. Assuming all conditions of the agreement are satisfied, the City's first payment will be due in Fiscal Year 2014-2015.

Additionally, the City agreed to participate in the QTI for Axium Healthcare Pharmacy, Inc. Axium proposed to create some 90 new jobs by December 31, 2014 with an average wage of $43,614. A 20% match is required to be shared between the City and Seminole County. Assuming all conditions are satisfied, the City's total payout would be $27,000 and the first payment of $3,000 was made fiscal year 2013.

The City entered into a Jobs Growth Incentive (JGI) Program Funding Agreement for Digital Risk, LLC, with Seminole County. Digital Risk has proposed to create some 300 new jobs by December 31, 2013, and up to an additional 300 new jobs by December 31, 2017. The average wage of each new job is $44,778. The total award is $600,000. Seminole County will front the total award assuming all conditions are satisfied. The City's share of $300,000 is to be reimbursed over 5 years beginning with the first payment of $150,000 in Fiscal Year 2013-2014. The remaining $150,000 will be paid out based on the number of jobs created each year.

The City also entered into a JGI program funding agreement for Paylocity Corporation. They proposed to renovate a facility within City limits and create some 83 new jobs over three years with an average wage of $39,000. The City's share is $83,000 is to be reimbursed over three years at $27,666.68 per year and began in fiscal year 2013.

CITY OF LAKE MARY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2013

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)
10/1/2013	$ 13,144,745	$ 14,119,801	$ 975,056	93.1%	$ 2,540,321	38.4%
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%

Schedule of Contributions from Employers and Other Contributing Entities

Fiscal Year Ending	Annual Required Contribution (ARC)	Actual Contribution	Percentage of ARC Contributed
September 30, 2013	$ 905,560	$ 905,561	100.00%
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%

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)
10/1/2013	$ 10,873,380	$ 13,158,732	$ 2,285,352	82.6%	2,540,246	90.0%
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%

Schedule of Contributions from Employers and Other Contributing Entities

Fiscal Year Ending	Annual Required Contribution (ARC)	Actual Contribution	Percentage of ARC Contributed
September 30, 2013	$ 695,647	$ 712,956	102.50%
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%

City of Lake Mary Retiree Continuation Insurance 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	$ -	$ 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

Fiscal Year Ending	Annual Required Contribution (ARC)	Actual Contribution	Net OPEB Obligation
September 30, 2013	$ 32,423	4,629	$ 151,728
September 30, 2012	35,045	3,396	123,934
September 30, 2011	22,370	5,959	92,284
September 30, 2010	17,251	-	75,873
September 30, 2009	18,616	-	58,622

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.

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

DEBT SERVICE FUNDS

DEBT SERVICE FUND - This fund accumulates funds for the retirement of debt related to the $2,105,000 Public Improvement Refunding Revenue Note, Series 2007 B; and the $4,250,000 Public Improvement Refunding Revenue Note, Series 2012

City of Lake Mary, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2013

	Special Revenue				
	Police Education Fund	Police Impact Fees	Fire Impact Fees	Public Works Impact Fees	Recreation Impact Fees
ASSETS					
Cash and cash equivalents	$ 70,334	$ 145,735	$ 171,030	$ 33,120	$ 138,413
Investments	47,034	168,991	17,060	795	38,036
Interest receivable	194	516	309	56	290
Total assets	$ 117,562	$ 315,242	$ 188,399	$ 33,971	$ 176,739
LIABILITIES					
Accounts payable	-	-	-	-	-
Total liabilities	-	-	-	-	-
FUND BALANCES					
Restricted:	$ 117,562	$ 315,242	$ 188,399	$ 33,971	$ 176,739
Total fund balance	117,562	315,242	188,399	33,971	176,739
Total liabilities and fund balances	$ 117,562	$ 315,242	$ 188,399	$ 33,971	$ 176,739

Special Revenue			Debt Service	
Law Enforcement Trust	Cemetery Fund	Total	Debt Service Fund	Total Nonmajor Governmental Funds
$ 93,063	$ 25,237	$ 676,932	$ 559,482	$ 1,236,414
53,630	-	325,546	-	325,546
241	18	1,624	-	1,624
$ 146,934	$ 25,255	$ 1,004,102	$ 559,482	$ 1,563,584
-	-	-	-	-
-	-	-	-	-
$ 146,934	$ 25,255	$ 1,004,102	$ 559,482	$ 1,563,584
146,934	25,255	1,004,102	559,482	1,563,584
$ 146,934	$ 25,255	$ 1,004,102	$ 559,482	$ 1,563,584

City of Lake Mary, Florida
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2013

	Special Revenue Funds					
	Police Education Fund	Police Impact Fees	Fire Impact Fees	Public Works Impact Fees	Rec-reation Impact Fees	Law Enforce-ment Trust
REVENUES						
Charges for services	$ -	$ -	$ -	$ -	$ -	$ -
Impact fees/assessments	-	70,576	101,487	14,141	101,660	-
Fines and forfeitures	9,305	-	-	-	-	6,830
Investment income	(27)	85	(600)	(17)	(33)	(15)
Miscellaneous income	54	-	-	-	-	-
Total revenues	9,332	70,661	100,887	14,124	101,627	6,815
EXPENDITURES						
Current:						
Public safety	19,215	9,396	434	-	-	62,211
Other physical environment	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and other fiscal charges	-	-	-	-	-	-
Capital outlay:						
Public safety	-	134,414	12,536	-	-	8,500
Parks and recreation	-	-	-	-	21,500	-
Total expenditures	19,215	143,810	12,970	-	21,500	70,711
Excess (deficiencies) of revenues over (under) expenditures	(9,883)	(73,149)	87,917	14,124	80,127	(63,896)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-
Net change in fund balances	(9,883)	(73,149)	87,917	14,124	80,127	(63,896)
Fund balances - beginning	127,445	388,391	100,482	19,847	96,612	210,830
Fund balances - ending	$ 117,562	$ 315,242	$ 188,399	$ 33,971	$ 176,739	$ 146,934

Special Revenue Funds			
Lake Mary Cemetery	Total	Debt Service Fund	Total Nonmajor Governmental Funds
$ 2,000	$ 2,000	$ -	$ 2,000
-	287,864	-	287,864
-	16,135	-	16,135
57	(550)	-	(550)
-	54	-	54
2,057	305,503	-	305,503
-	91,256	-	91,256
3,988	3,988	-	3,988
-	-	344,000	344,000
-	-	127,928	127,928
-	155,450	-	155,450
-	21,500	-	21,500
3,988	272,194	471,928	744,122
(1,931)	33,309	(471,928)	(438,619)
-	-	574,515	574,515
-	-	574,515	574,515
(1,931)	33,309	102,587	135,896
27,186	970,793	456,895	1,427,688
$ 25,255	$ 1,004,102	$ 559,482	$ 1,563,584

City of Lake Mary, Florida
Police Education Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2013

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Fines and forfeitures	$ 7,000	$ 8,300	$ 9,305	$ 1,005
Investment income	500	500	(27)	(527)
Miscellaneous	-	-	54	54
Total revenues	7,500	8,800	9,332	532
EXPENDITURES				
Current:				
Public safety	18,000	19,300	19,215	85
Total expenditures	18,000	19,300	19,215	85
Excess (deficiencies) of revenues over (under) expenditures*	(10,500)	(10,500)	(9,883)	617
Fund balance - beginning	127,445	127,445	127,445	-
Fund balance - ending	$ 116,945	$ 116,945	$ 117,562	$ 617

*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 Balance - Budget and Actual
For the Year Ended September 30, 2013

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES				
Impact fees/assessments	$ 78,364	$ 78,364	$ 70,576	$ (7,788)
Investment income	1,500	1,500	85	(1,415)
Total revenues	79,864	79,864	70,661	(9,203)
EXPENDITURES				
Current:				
Public safety	-	13,002	9,396	3,606
Capital outlay:				
Public safety	58,002	135,000	134,414	586
Total expenditures	58,002	148,002	143,810	4,192
Excess (deficiencies) of revenues over (under) expenditures*	21,862	(68,138)	(73,149)	(5,011)
Fund balance - beginning	388,391	388,391	388,391	-
Fund balance - ending	$ 410,253	$ 320,253	$ 315,242	$ (5,011)

*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 Balance - Budget and Actual
For the Year Ended September 30, 2013

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Impact fees/assessments	$ 84,038	$ 85,138	$ 101,487	$ 16,349
Investment income	1,000	1,000	(600)	(1,600)
Total revenues	85,038	86,138	100,887	14,749
EXPENDITURES				
Current:				
Public safety	-	444	434	10
Capital outlay:				
Public safety	11,884	12,540	12,536	4
Total expenditures	11,884	12,984	12,970	14
Excess (deficiencies) of revenues over (under) expenditures*	73,154	73,154	87,917	14,763
Fund balance - beginning	100,482	100,482	100,482	-
Fund balance - ending	$ 173,636	$ 173,636	$ 188,399	$ 14,763

*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 Balance - Budget and Actual
For the Year Ended September 30, 2013

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Impact fees/assessments	$ 12,438	$ 12,438	$ 14,141	$ 1,703
Investment income	300	300	(17)	(317)
Total revenues	12,738	12,738	14,124	1,386
EXPENDITURES				
Capital outlay:				
Public works	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiencies) of revenues over (under) expenditures*	12,738	12,738	14,124	1,386
Fund balance - beginning	19,847	19,847	19,847	-
Fund balance - ending	$ 32,585	$ 32,585	$ 33,971	$ 1,386

*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 Balance - Budget and Actual
For the Year Ended September 30, 2013

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES				
Impact fees/assessments	$ 156,122	$ 156,122	$ 101,660	$ (54,462)
Investment income	1,000	1,000	(33)	(1,033)
Total revenues	157,122	157,122	101,627	(55,495)
EXPENDITURES				
Capital outlay:				
Parks and recreation	25,000	25,000	21,500	3,500
Total expenditures	25,000	25,000	21,500	3,500
Excess (deficiencies) of revenues over (under) expenditures*	132,122	132,122	80,127	(51,995)
Fund balance - beginning	96,612	96,612	96,612	-
Fund balance - ending	$ 228,734	$ 228,734	$ 176,739	$ (51,995)

*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
Law Enforcement Trust Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2013

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES				
Fines and forfeitures	$ -	$ 5,455	$ 6,830	$ 1,375
Investment income	800	800	(15)	(815)
Total revenues	800	6,255	6,815	560
EXPENDITURES				
Current:				
Public Safety	10,500	65,603	62,211	3,392
Capital outlay:				
Public safety	-	8,500	8,500	-
Total expenditures	10,500	74,103	70,711	3,392
Excess (deficiencies) of revenues over (under) expenditures*	(9,700)	(67,848)	(63,896)	3,952
Fund balance - beginning	210,830	210,830	210,830	-
Fund balance - ending	$ 201,130	$ 142,982	$ 146,934	$ 3,952

*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 Balance - Budget and Actual
For the Year Ended September 30, 2013

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Cemetery sales (charges for services)	$ 4,000	$ 4,000	$ 2,000	$ (2,000)
Investment income	30	30	57	27
Total revenues	4,030	4,030	2,057	(1,973)
EXPENDITURES				
Current:				
Other physical environment	9,175	9,175	3,988	5,187
Total expenditures	9,175	9,175	3,988	5,187
Excess (deficiencies) of revenues over (under) expenditures*	(5,145)	(5,145)	(1,931)	3,214
Net change in fund balances	(5,145)	(5,145)	(1,931)	3,214
Fund balance - beginning	27,186	27,186	27,186	-
Fund balance - ending	$ 22,041	$ 22,041	$ 25,255	$ 3,214

*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 Position
Internal Service Funds
As of September 30, 2013

	Fleet Maintenance Fund	Health Insurance Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 1,299,014	$ 728,248	$ 2,027,262
Investments	1,792,958	-	1,792,958
Interest receivable	5,041	1,317	6,358
Accounts receivable (net of allowance for uncollectibles)	3,500	-	3,500
Due from other funds	-	50,061	50,061
Inventories	35,018	-	35,018
Health insurance claims escrow	-	59,000	59,000
Total current assets	3,135,531	838,626	3,974,157
Capital assets:			
Vehicles	5,215,779	-	5,215,779
Less accumulated depreciation	(3,269,426)	-	(3,269,426)
Total capital assets (net of accumulated depreciation)	1,946,353	-	1,946,353
Total noncurrent assets	1,946,353	-	1,946,353
Total assets	$ 5,081,884	$ 838,626	$ 5,920,510
LIABILITIES			
Current liabilities			
Accounts payable	$ 7,469	$ 48,377	$ 55,846
Accrued liabilities	6,498	-	6,498
Due to other funds	873	200,000	200,873
Compensated absences	2,543	-	2,543
Total current liabilities	17,383	248,377	265,760
Noncurrent liabilities			
Compensated absences	29,243	-	29,243
Total noncurrent liabilities	29,243	-	29,243
Total liabilities	46,626	248,377	295,003
NET POSITION			
Net investment in capital assets	1,946,353	-	1,946,353
Unrestricted	3,088,905	590,249	3,679,154
Total net position	$ 5,035,258	$ 590,249	$ 5,625,507

City of Lake Mary, Florida
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended September 30, 2013

	Fleet Maintenance Fund	Health Insurance Fund	Totals
Operating revenues:			
Charges for sales and services:			
Fleet service charges	$ 685,882	$ -	$ 685,882
Insurance charges	-	1,478,985	1,478,985
Other service charges	11,349	-	11,349
Miscellaneous revenue	-	1,583	1,583
Total operating revenues	697,231	1,480,568	2,177,799
Operating expenses			
Costs of operations	256,120	1,286,094	1,542,214
Depreciation	500,929	-	500,929
Total operating expenses	757,049	1,286,094	2,043,143
Operating income (loss)	(59,818)	194,474	134,656
Nonoperating revenues (expenses):			
Investment income	389	3,261	3,650
Gain (loss) on sale of capital assets	70,274	-	70,274
Total nonoperating revenue (expense)	70,663	3,261	73,924
Income (loss) before contributions and transfers	10,845	197,735	208,580
Capital contributions	67,802	-	67,802
Transfers in	-	357,750	357,750
Change in net position	78,647	555,485	634,132
Net position - beginning	4,956,611	34,764	4,991,375
Net position - ending	$ 5,035,258	$ 590,249	$ 5,625,507

City of Lake Mary Florida
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2013

	Fleet Maintenance Fund	Health Insurance Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services provided	$ 693,732	$ 1,471,570	$ 2,165,302
Other operating cash receipts		1,583	1,583
Payments to suppliers	(58,583)	(1,394,011)	(1,452,594)
Payments to employees	(196,351)	-	(196,351)
Net cash provided by operating activities	438,798	79,142	517,940
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers (to)/from other funds	-	357,750	357,750
Net cash provided (used) by noncapital and related financing activities	-	357,750	357,750
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(634,777)	-	(634,777)
Proceeds from sales of capital assets	110,335	-	110,335
Net cash provided (used) by capital and related financing activities	(524,442)	-	(524,442)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends received	18,458	2,803	21,261
Net cash provided (used) by investing activities	18,458	2,803	21,261
Net increase (decrease) in cash and cash equivalents	(67,186)	439,695	372,509
Cash and cash equivalents October 1	1,366,200	288,553	1,654,753
Cash and cash equivalents September 30	$ 1,299,014	$ 728,248	$ 2,027,262

	Fleet Maintenance Fund	Health Insurance Fund	Totals
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	$ (59,818)	$ 194,474	$ 134,656
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	500,929	-	500,929
(Increase) decrease in customer accounts receivable	(3,500)	(7,415)	(10,915)
(Increase) decrease in inventory	172	-	172
Increase (decrease) in accounts payable	(2,293)	(107,917)	(110,210)
Increase (decrease) accrued expenses	623	-	623
Increase (decrease) in compensated absences payable	2,570	-	2,570
Increase (decrease) in due to other funds	115	-	115
Total adjustments	498,616	(115,332)	383,284
Net cash provided by operating activities	$ 438,798	$ 79,142	$ 517,940

The Vehicle Maintenance Internal Service Fund has a non-cash loss in the fair value of investments of ($18,789) and a non-cash contribution from other governmental funds of $67,802. The Health Insurance Internal Service Fund has a non-cash loss in the fair value of investments of ($440).

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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 Net Position
Fiduciary Funds
September 30, 2013

	Police Pension Trust	Fire Pension Trust	General Employees Pension	Total Employee Pension Funds
ASSETS				
Cash and cash equivalents	$ 1,374,227	$ 570,528	$ 649,361	$ 2,594,116
Receivables:				
Accounts Receivable	-	-	-	-
Interest receivable	38,467	20,430	-	58,897
Notes receivable - employee	-	-	22,895	22,895
Contributions receivable - employer	12,877	-	-	12,877
Contributions receivable - state	126,989	165,476	-	292,465
Total receivables	178,333	185,906	22,895	387,134
Investments at fair value				
Domestic corporate & govt bonds	3,728,418	3,019,080	125,182	6,872,680
Domestic stocks	7,858,532	6,031,053	5,149,920	19,039,505
Other securities	995,069	1,801,967	102,517	2,899,553
Total investments	12,582,019	10,852,100	5,377,619	28,811,738
Total assets	14,134,579	11,608,534	6,049,875	31,792,988
LIABILITIES				
Accounts payable	25,888	29,546	-	55,434
Total liabilities	25,888	29,546	-	55,434
NET POSITION				
Net position held in trust for pension benefits and other purposes	$ 14,108,691	$ 11,578,988	$ 6,049,875	$ 31,737,554

City of Lake Mary, Florida
Combining Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended September 30, 2013

	Police Pension Trust	Fire Pension Trust	General Employees Pension	Total Employee Pension Funds
ADDITIONS				
Contributions:				
Employer contributions	$ 778,571	$ 544,682	$ 498,227	$ 1,821,480
State contributions	126,989	168,274	-	295,263
Employee contributions	118,529	114,945	93,927	327,401
Total contributions	1,024,089	827,901	592,154	2,444,144
Investment earnings				
Interest	298,390	275,933	-	574,323
Net increase (decrease) in fair value of investments	1,438,233	969,881	707,460	3,115,574
Net investment earnings (loss)	1,736,623	1,245,814	707,460	3,689,897
Total additions	2,760,712	2,073,715	1,299,614	6,134,041
DEDUCTIONS				
Benefit payments	449,143	282,664	173,069	904,876
Refunds of contributions	11,515	-	-	11,515
Administrative expenses	119,490	82,798	1,568	203,856
Total deductions	580,148	365,462	174,637	1,120,247
Change in net position	2,180,564	1,708,253	1,124,977	5,013,794
Net position - beginning	11,928,127	9,870,735	4,924,898	26,723,760
Net position - ending	$ 14,108,691	$ 11,578,988	$ 6,049,875	$ 31,737,554

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Statistical Section

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

Contents **Page**

Financial Trends 92

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity 102

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity 107

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

There are no limitations placed upon the amount of debt the City of Lake Mary may issue by either the City Charter or the City's Code of Ordinances or by Florida Statutes.

The City of Lake Mary has no general obligation bonds outstanding.

Demographic and Economic Information 110

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information 112

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Supplemental Information 118

These schedules contain trend data for pension funds, 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 Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year			
	2004	2005	2006	2007
Governmental activities				
Net investment in capital assets	$ 10,960	$ 18,759	$ 17,684	$ 32,197 **
Restricted	7,678	2,257	2,266	6,983
Unrestricted	10,583	11,293	14,156	12,730
Total governmental activities net position	$ 29,221	$ 32,309	$ 34,106	$ 51,910
Business-type activities				
Net investment in capital assets	$ 14,983	$ 15,551	$ 18,365	$ 19,595
Restricted	1,145	2,189	2,455	2,704
Unrestricted	10,127	12,280	10,942	10,564
Total business-type activities net position	$ 26,255	$ 30,020	$ 31,762	$ 32,863
Primary government				
Net investment in capital assets	$ 25,943	$ 34,310	$ 36,049	$ 51,792
Restricted	8,823	4,446	4,721	9,687
Unrestricted	20,710	23,573	25,098	23,294
Total primary government net position	$ 55,476	$ 62,329	$ 65,868	$ 84,773

Note

** 2007 Recorded Infrastructure Assets

Fiscal Year					
2008	2009	2010	2011	2012	2013
$ 37,033	$ 37,040	$ 37,301	$ 39,025	$ 40,789	$ 40,193
2,351	2,592	1,819	5,610	2,563	802
13,884	16,397	18,802	18,540	19,827	21,501
$ 53,268	$ 56,029	$ 57,922	$ 63,175	$ 63,179	$ 62,496
$ 19,791	$ 20,119	$ 19,855	$ 19,145	$ 18,603	$ 18,127
1,623	621	634	719	747	1,008
11,800	12,855	13,316	14,100	14,861	15,195
$ 33,214	$ 33,595	$ 33,805	$ 33,964	$ 34,211	$ 34,330
$ 56,824	$ 57,159	$ 57,156	$ 58,170	$ 59,392	$ 58,320
3,974	3,213	2,453	6,329	3,310	1,810
25,733	29,252	32,118	32,640	34,688	36,696
$ 86,531	$ 89,624	$ 91,727	$ 97,139	$ 97,390	$ 96,826

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

	Fiscal Year									
Expenses	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:										
General government	$ 3,187	$ 2,492	$ 2,687	$ 2,932	$ 2,940	$ 3,457	$ 3,591	$ 3,494	$ 3,998	$ 4,093
Public works	2,987	1,184	773	1,620	1,452	1,415	2,867	1,420	1,178	1,614
Public safety	7,402	8,082	9,725	10,537	10,724	10,146	9,605	9,982	10,392	10,803
Parks and recreation	1,598	1,747	1,857	2,020	2,514	2,563	2,449	2,453	2,516	2,553
Other physical environment	-	-	-	-	-	-	-	21	12	10
Interest & other fiscal charges on long-term debt	389	345	318	294	449	411	367	303	267	130
Total governmental activities	15,563	13,850	15,360	17,403	18,079	17,992	18,879	17,673	18,363	19,203
Business-type activities:										
Water & Sewer	2,479	2,447	2,520	2,899	3,025	3,033	3,119	3,546	3,401	3,483
Stormwater	239	275	282	307	326	374	374	404	331	366
Total business-type activities	2,718	2,722	2,802	3,206	3,351	3,407	3,493	3,950	3,732	3,849
Total expenses	$ 18,281	$ 16,572	$ 18,162	$ 20,609	$ 21,430	$ 21,399	$ 22,372	$ 21,623	$ 22,095	$ 23,052
Program Revenues										
Governmental activities:										
Charges for services										
General government	$ 234	$ 343	$ 238	$ 243	$ 217	$ 176	$ 184	$ 277	$ 255	$ 302
Public works	4	5	13	5	7	1	1	1	10	14
Public safety	1,128	1,320	1,948	1,255	1,647	1,248	1,194	1,334	1,853	2,496
Parks and recreation	209	213	319	207	316	607	651	678	705	738
Other physical environment	-	-	-	-	-	-	-	4	6	2
Operating grants and contributions	2,772	957	764	654	492	917	604	593	692	644
Capital grants and contributions	807	140	249	182	242	185	2,236	4,994	313	33
Total governmental activities	5,154	2,978	3,531	2,546	2,921	3,134	4,870	7,881	3,834	4,229

	Fiscal Year									
Program Revenues	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Business-type activities:										
Charges for services										
Water & Sewer	3,474	3,411	3,794	3,835	3,673	3,905	3,997	4,463	4,337	4,278
Stormwater	242	248	251	263	270	283	279	281	284	380
Capital grants and contributions	1,251	1,241	305	249	130	40	13	85	37	261
Total business-type activities	4,967	4,900	4,350	4,347	4,073	4,228	4,289	4,829	4,658	4,919
Total program revenues	$ 10,121	$ 7,878	$ 7,881	$ 6,893	$ 6,994	$ 7,362	$ 9,159	$ 12,710	$ 8,492	$ 9,148
Net (expense)/revenue										
Governmental activities	$ (10,409)	$ (10,872)	$ (11,829)	$ (14,857)	$ (15,158)	$ (14,858)	$ (14,009)	$ (9,792)	$ (14,529)	$ (14,974)
Business-type activities	2,249	2,178	1,548	1,141	722	821	796	879	926	1,070
Total net expense	$ (8,160)	$ (8,694)	$ (10,281)	$ (13,716)	$ (14,436)	$ (14,037)	$ (13,213)	$ (8,913)	$ (13,603)	$ (13,904)
General Revenues										
Governmental activities:										
Taxes										
Property taxes	$ 6,056	$ 6,033	$ 6,534	$ 7,687	$ 7,762	$ 7,919	$ 7,326	$ 6,471	$ 6,073	$ 6,029
Franchise and utility taxes	5,040	5,449	6,001	6,224	6,136	6,938	6,736	6,307	6,110	6,169
Unrestricted intergovernmental revenues	1,063	1,240	1,382	1,264	1,142	1,020	1,008	1,008	1,011	1,053
Unrestricted investment earnings	280	341	720	1,159	572	654	386	247	277	2
Miscellaneous revenues	81	241	173	158	168	135	196	162	212	127
Special Item - return of contribution	-	-	-	-	-	-	(600)	-	-	-
Transfers in/(out)	625	655	655	725	785	905	850	850	850	950
Total general revenues, transfers and special item	13,145	13,959	15,465	17,217	16,565	17,571	15,902	15,045	14,533	14,330
Business-type activities:										
Investment earnings	157	271	573	685	414	464	254	129	171	-
Miscellaneous revenues	-	1,970	276	-	-	-	10	1	-	-
Transfers in/(out)	(625)	(655)	(655)	(725)	(785)	(905)	(850)	(850)	(850)	(950)
Total business-type activities	(468)	1,586	194	(40)	(371)	(441)	(586)	(720)	(679)	(950)
Total primary government	$ 12,677	$ 15,545	$ 15,659	$ 17,177	$ 16,194	$ 17,130	$ 15,316	$ 14,325	$ 13,854	$ 13,380
Change in Net Position										
Governmental activities	$ 2,736	$ 3,087	$ 3,636	$ 2,360	$ 1,407	$ 2,713	$ 1,893	$ 5,253	$ 4	$ (644)
Business-type actitivies	1,781	3,764	1,742	1,101	351	380	210	159	247	120
Total change in net position	$ 4,517	$ 6,851	$ 5,378	$ 3,461	$ 1,758	$ 3,093	$ 2,103	$ 5,412	$ 251	$ (524)

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
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
2013	6,029	2,098	4,071	12,198

Taxes included in Unrestricted Intergovernmental Revenues

Fiscal Year	Sales Tax	State Revenue Sharing	Other	Total
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
2013	834	213	6	1,053

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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			
	2004	2005	2006	2007
General fund				
Nonspendable:				
Inventory	$ 5	$ 11	$ 10	$ 7
Assigned to:				
Debt service	1,150	1,255	1,457	1,577
Health insurance benefits	-	-	-	-
Capital projects	-	-	-	-
Subsequent year expenditures	1,763	62	300	-
Unassigned:	3,946	8,517	10,629	8,933
Total general fund	$ 6,864	$ 9,845	$ 12,396	$ 10,517
All other governmental funds				
Nonspendable:				
Inventory/Prepaids	-	-	-	-
Restricted for:				
Public works	88	86	53	59
Public safety	976	759	846	764
Parks and recreation	87	59	127	103
Other physical environment	-	-	-	-
Other capital projects	-	-	-	-
Committed to:				
Debt service	138	41	40	326
Other capital projects	7,678	2,256	2,266	6,984
Unassigned:				
Total all other governmental funds	$ 8,967	$ 3,201	$ 3,332	$ 8,236

Fiscal Year					
2008	2009	2010	2011	2012	2013
$ 8	$ 5	$ 5	$ 4	$ 4	$ 3
1,621	1,621	1,627	682	574	632
-	-	-	-	308	258
-	-	-	-	-	2,130
902	595	1,564	600	847	383
9,039	11,154	11,950	13,780	14,636	14,136
$ 11,570	$ 13,375	$ 15,146	$ 15,066	$ 16,369	$ 17,542
-	-	-	-	15	64
61	64	51	52	20	34
837	935	975	935	827	768
106	126	136	61	96	177
-	-	227	184	27	25
-	-	-	3,767	1,717	752
326	326	542	553	457	559
2,351	2,593	1,819	1,843	832	-
			-	-	(15)
$ 3,681	$ 4,044	$ 3,750	$ 7,395	$ 3,991	$ 2,364

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			
	2004	2005	2006	2007
Revenues				
Taxes				
Property	$ 6,056	$ 6,033	$ 6,534	$ 7,687
Franchise and utility taxes	5,073	5,449	6,001	6,224
Licenses and Permits	735	896	1,386	787
Intergovernmental	1,823	4,422	2,408	2,113
Charges for services	432	644	654	648
Impact fees/assessments	120	119	285	80
Fines and forfeitures	245	210	179	182
Investment earnings	267	317	721	1,159
Miscellaneous	152	156	174	158
Total revenues	14,903	18,246	18,342	19,038
Expenditures				
General government	2,252	2,118	2,318	2,554
Public works	2,958	1,121	741	1,157
Public safety	6,757	7,776	9,397	10,221
Parks and recreation	1,380	1,506	1,622	1,777
Other physical environment	-	-	-	-
Capital outlay	3,316	7,980	959	4,836
Debt service				
Principal	875	905	940	780
Interest	384	342	316	289
Other charges	-	-	-	57
Total expenditures	17,922	21,748	16,293	21,671
Excess of revenues over (under) expenditures	(3,019)	(3,502)	2,049	(2,633)
Other financing sources (uses)				
Transfers in	4,119	4,267	2,992	6,797
Transfers out	(3,516)	(3,635)	(2,359)	(6,095)
Refunding bonds issued	-	-	-	7,105
Payments to refunded bond escrow agent	-	-	-	(2,150)
Sale of capital assets	-	85	-	-
Total other financing sources (uses)	603	717	633	5,657
Net change in fund balances	$ (2,416)	$ (2,785)	$ 2,682	$ 3,024
Debt service as a percentage of noncapital expenditures	8.62%	9.06%	8.19%	6.69%

Fiscal Year					
2008	2009	2010	2011	2012	2013
$ 7,762	$ 7,919	$ 7,326	$ 6,471	$ 6,073	$ 6,029
6,136	6,938	6,736	6,307	6,110	6,169
1,153	706	625	688	1,099	1,772
1,887	2,131	3,849	6,608	2,027	1,740
718	1,047	1,232	1,441	1,374	1,326
142	52	51	40	245	320
163	217	121	112	100	124
572	654	386	247	243	(2)
168	135	196	162	212	127
18,701	19,799	20,522	22,076	17,483	17,605
2,573	3,067	3,208	3,048	3,283	3,572
991	961	2,421	942	669	1,008
10,468	9,951	9,452	9,531	10,149	10,516
2,062	2,084	1,991	1,955	2,003	2,096
-	-	-	17	6	4
5,535	854	1,200	1,361	3,546	3,192
915	1,215	1,261	2,210	4,735	344
444	406	361	296	257	128
-	-	-	-	36	-
22,988	18,538	19,894	19,360	24,684	20,860
(4,287)	1,261	628	2,716	(7,201)	(3,255)
3,308	3,735	2,965	3,767	1,657	1,474
(2,523)	(2,830)	(2,115)	(2,917)	(807)	(882)
-	-	-	-	4,250	-
-	-	-	-	-	-
-	-	-	-	-	2,209
785	905	850	850	5,100	2,801
$ (3,502)	$ 2,166	$ 1,478	$ 3,566	$ (2,101)	$ (454)
7.79%	9.17%	8.68%	13.92%	23.79%	2.67%

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	Real Property: Residential Property	Real Property: % Residential	Real Property: Commercial Property	Real Property: % Commercial	Personal Property
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
2013	1,499,779	726,203	48.42%	773,573	51.58%	224,093

Source: Seminole County Property Appraiser's Office

Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
$ 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%
218,523	1,724,479	3.6355	2,091,729	82.44%

City of Lake Mary, Florida
Property Tax Rates
Direct and Overlapping[1] Governments
Last Ten Fiscal Years [2]

		Overlapping Rates							
		Seminole County			School District				
Fiscal Year	City of Lake Mary Operating Millage[3]	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage	St. John's Water Manage-ment District	Total Direct & Overlap-ping Rates
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
2013	3.6355	4.8751	0.1700	5.0451	7.5530	0.0000	7.5530	0.3313	16.5649

Source: Seminole County Tax Collectors Office

1. Overlapping rates are those of local and county governments that apply to property owners within the City of Lake Mary.
2. Taxes levied for the current fiscal year are based on the prior year taxable value.
3. Lake Mary's direct rate is for operating millage. There is no debt service millage.

City of Lake Mary, Florida
Principal Property Taxpayers
September 30, 2013
(amounts expressed in thousands)

	2013			2004		
Taxpayer	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	3.47%	-	-	-
Sun Life Assurance Co of Canada (formerly a part of Crescent Resources, Inc.)	35,007	2	2.03%	-	-	-
BRE/COH FL LCC (formerly Duke-Weeks Realty)	26,630	3	0.02	$ 25,175	7	1.75%
A T & T Mobility LLC	26,283	4	1.53%	-	-	-
DRA CRT Lake Mary Center LLC	25,911	5	1.51%	-	-	-
Bell Bentley Park Apartments	25,555	6	1.49%	-	-	-
Heathrow Hotel Owners LLC (Marriott Hotel)	22,314	7	1.30%	20,346	9	1.42%
Golfview Apartments, LLC	20,355	8	1.18%	-	-	-
Central Florida Educators	17,501	9	1.02%	-	-	-
ACP/Utah II LLC	16,214	10	0.94%	-	-	-
Colonial Realty, LP	-		-	57,581	1	4.01%
Nextel South Corp	-		0.00%	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%
North Point LP	-		-	21,318	8	1.49%
Wachovia Trust Co	-		-	18,293	10	1.27%
Totals	$ 275,521		16.03%	$ 317,590		0.24

Source: Seminole County Property Appraiser (www.scpafl.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
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%	17	6,066	96.22%
2013	6,256	6,013	96.12%	-	6,013	96.12%

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: Refunding Revenue Notes [3]	Governmental Activities: Revenue Bonds	Total Primary Government	Percentage of Personal Income [2]	Per Capita
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
2013	4,981	-	4,981	0.87%	338

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, 2013
(amounts expressed in thousands)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable [1]	Estimated Share of Overlapping Debt
Overlapping Debt:			
Seminole County General Obligation Debt [3]	$ -	5.36%	$ -
Subtotal, overlapping debt			
Direct Debt:			
Public Improvement Refunding Revenue Note Series 2012 [2]	4,161	100%	4,161
Public Improvement Refunding Revenue Note Series 2007B [2]	820		820
Total direct and overlapping debt	$ 4,981		$ 4,981

Sources:

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

[1] Ratio of assessed valuation of taxable property in overlapping unit to that within the City of Lake Mary.
[2] City of Lake Mary does not currently have any General Obligation Debt.
[3] Seminole County paid off all General Obligation Debt during FY 2013.

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
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
2013	4,071,330	834,141	2,097,880	7,003,351	[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

Fiscal Year	Population [1]	Personal Income (amounts expressed in thousands)	Per Capita Personal Income [1]	Median Age [1]	Education Level in Years of Formal Schooling [1]	School Enrollment [3]	Unemploy-ment Rate [4]
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%
2013	14,740	572,620	38,848	42.4	14.15	2,377	6.3%

* 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

	2013 [1]			2004 [2]		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Priority Healthcare Dist, Inc	1,200	1	4.99%	*	*	*
Adventist Health System/Sunbelt	1,002	2	4.16%	*	*	*
Jpmorgan Chase & Co	1,000	3	4.16%	*	*	*
American K-9 Detection Svcs	750	4	3.12%	*	*	*
AT&T	600	5	2.49%	*	*	*
SunGard Public Sector	400	6	1.66%	*	*	*
US Postal Service	400	7	1.66%	*	*	*
ABB	300	8	1.25%	*	*	*
Harland Financial Solutions	300	9	1.25%	*	*	*
Ulysses Caremark Holding Corp	300	10	1.25%	*	*	*
Total	6,252		25.98%			

Source: Dun and Bradstreet, Business Locations, Accessed from Reasearch360.net website

Note 1: The City of Lake Mary has an estimated daytime population of over 24,065 with approximately 2032 business tax receipts issued as of 9/30/2013

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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government	23	25	26	27	29	29	28	28	33	33
Public Safety:										
Police										
Sworn Officers	35	36	36	39	42	42	41	41	41	42
Non sworn officers	1	1	1	1	1	1	2	2	2	2
Civilians [1]	17	15	16	18	15	15	13	13	13	13
Fire										
Firefighters and officers	20	29	38	38	38	38	38	38	38	38
Fire Prevention	17	17	17	18	16	14	10	10	4	4
Civilians [3]	1	1	1	2	2	2	2	2	2	2
Public Works	19	19	19	20	20	18	18	18	18	18
Parks and Recreation	17	18	22	25	24	27	25	25	25	25
Total	150	161	176	188	187	186	177	177	176	177

Source: City of Lake Mary Departmental Monthly Reports

Notes:

1 Police civilians include emergency communications center operations personnel.

2 Building and Life Safety was changed from General Government to Fire in 1997.

3 Fire Administrative Assistant added 1999; 2nd Administrative Assistant added 2007 (75%).

4 Facilities Maintenance established in 2008 as reorganization of Building & Life Safety.

5 Fire Prevention established in 2008 as reorganization of Building & Life Safety.

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

	Fiscal Year			
	2004	2005	2006	2007
Function				
Police				
Auto Accidents	1,087	1,030	907	768
Physical arrests	515	531	486	446
Criminal Investigations Conducted	304	756	770	624
Total Calls for Service	31,784	31,122	38,654	52,381
911 Calls Received	4,904	5,076	5,408	6,296
Fire & Life Safety				
Public Education Programs	155	98	100	161
Number of emergency calls answered	3,175	3,463	3,829	3,950
Medical Transports	1,070	1,217	1,260	1,331
Highways and streets				
Streets paved (miles)	3.9	1.7	0.8	9.5
Streets resurfaced (tons/asphalt)	51.3	49.5	62.8	66.7
Sidewalks/bike paths built or repaired (feet)	2,048	1,679	1,674	1,924
Culture and recreation				
Tennis membership	120	126	134	144
Events Center rental	**	**	**	**
Water				
New connections	104	48	134	123
Number of customers	4,736	4,783	4,884	4,991
Water main breaks	85	78	64	60
Average daily consumption (millions of gallons)	3.62	3.78	3.88	3.81
Meter reads	55,982	57,082	57,913	59,497
General Government				
Total Permits Issued	2,309	2,417	3,556	2,056
Construction inspections	7,816	7,833	9,532	6,191
Employment applications received	737	749	640	1,308
Personnel actions processed	457	485	546	567
Legal Notices published	106	96	80	87
Business Tax Receipts issued	1,359	1,565	1,898	1,843
Accidents & Injuries reviewed	60	66	70	53
Land Use amendments & rezonings	23	21	29	28
License/Permit Reviews	1,046	1,112	1,707	1,160
Employee paychecks issued	3,940	4,540	4,526	4,804
Checks deposited	51,592	47,095	46,815	43,907
A/P Checks issued	3,763	4,039	2,938	2,767
Purchase orders/EPO's processed	1,629	1,890	1,081	833
Purchasing Card Transactions	**	**	2,249	2,552

Source: City of Lake Mary Departmental Monthly Reports

Notes

** Service was not available

Fiscal Year					
2008	2009	2010	2011	2012	2013
598	783	823	751	637	666
501	374	452	565	467	476
685	740	483	473	396	452
62,864	62,762	55,947	62,681	53,482	57,005
5,973	5,176	4,257	4,336	4,321	3,011
201	226	195	136	62	68
3,128	3,308	3,917	3,709	3,683	3,851
1,062	1,323	1,363	1,604	1,639	1,772
6.7	2.3	4.2	2.0	-	5.3
59.6	51.1	46.3	43.0	26.5	62.0
1,898	1,587	1,558	910	1,122	699
148	156	156	161	155	142
240	467	368	271	299	270
96	40	50	34	26	39
5,031	5,028	5,053	5,080	5,111	5,130
75	58	56	76	124	179
3.22	3.01	2.89	3.26	3.19	3.02
60,301	60,444	60,757	61,091	61,521	61,630
1,661	1,177	1,313	1,215	1,512	1,530
5,941	4,341	3,680	3,777	5,284	4,391
1,274	479	790	722	1,124	719
611	522	498	361	525	345
118	70	78	72	79	49
2,255	1,839	1,848	1,896	1,823	2,032
61	70	70	67	69	43
12	11	48	33	25	12
992	610	455	497	839	841
4,919	5,210	5,052	5,095	5,082	5,109
42,175	38,040	38,665	37,908	38,285	36,036
2,939	2,620	2,323	2,396	2,377	2,649
603	614	446	443	464	486
2,418	2,592	2,436	2,402	2,700	2,800

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

	Fiscal Year			
	2004	2005	2006	2007
Function				
Public safety				
Police:				
Stations	1	1	1	1
Patrol units	37	39	39	41
Fire stations	1	1	2	2
Highways and streets				
Streets - paved (miles)	50.38	50.38	54.10	55.79
Streets - unpaved (miles)	3.42	3.42	2.67	2.46
Street lights	962	965	934	948
Traffic Signals	8	10	10	12
Culture and recreation				
Park acreage	39	39	39	39
Parks	8	8	8	9
Tennis courts	9	9	9	9
Community centers	1	2	2	2
Historical Museum	1	1	1	1
Water				
Water mains (miles)	102.6	103.0	103.0	103.0
Fire hydrants	612	716	716	716
Maximum daily capacity (millions of gallons)	12.96	12.96	12.96	12.96
Sewer				
Sanitary sewers (miles)	30.00	30.00	31.40	31.40
Storm sewers (miles)	37.29	46.00	53.00	53.00

Source: City of Lake Mary Departmental Monthly Reports

Notes

* Information not available

Fiscal Year					
2008	2009	2010	2011	2012	2013
1	1	1	1	1	1
41	41	42	42	43	52
2	2	2	2	2	2
55.79	55.79	55.79	55.79	56.90	57.30
2.46	2.46	2.46	2.46	2.46	2.46
981	1,074	1,074	1,074	1,087	1,087
12	12	12	12	12	12
39	39	39	39	39	39
9	9	9	9	9	9
9	9	9	9	9	9
2	2	2	2	2	2
1	1	1	1	1	1
104.0	104.0	104.0	104.0	104.2	104.2
719	720	726	726	731	731
12.96	12.96	12.96	12.96	12.96	12.96
31.72	32.38	32.38	32.40	32.40	32.40
53.00	53.00	53.00	53.00	54.33	54.51

City of Lake Mary
Schedule of Revenues by Source and Expense by Type
Police Officers Pension Fund
Last Ten Fiscal Years

	Revenues by Source		Expenses by Type				
Year	Investment Income Net	Contributions	Benefits	Refunds	Investment Related Expenses	Admin. Expenses	City Contribution as a Percent of Payroll (1)
2004	$ 474,790	$ 419,072	$ 167,687	$ 8,887	$ 38,562.00	$ 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%
2013	1,736,623	1,024,089	449,143	11,515	86,575	32,915	32.3%

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

	Revenues by Source		Expenses by Type				
Year	Investment Income Net	Contributions	Benefits	Refunds	Investment Related Expenses	Admin. Expenses	City Contribution as a Percent of Payroll (1)
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%
2013	1,245,814	827,901	282,664	-	48,776	34,022	23.6%

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			
	2004	2005	2006	2007
Revenues				
Permit Fees				
Building Permits	$ 481,229	$ 480,349	$ 993,544	$ 471,653
Electrical Permits	29,942	24,825	49,686	41,845
Plumbing Permits	15,347	9,375	33,096	9,777
Mechanical Permits	21,026	23,816	31,823	23,632
Misc Building Fees	51,838	59,746	47,292	24,529
Total revenues	599,382	598,111	1,155,441	571,436
Expenditures				
Building Salaries & Benefits	638,610	600,314	594,904	589,448
Operating Expenditures	104,920	123,554	162,779	127,786
Capital Expenditures	-	-	43,645	31,050
Allocation of Indirect Costs & Bldg Deprec.	-	-	-	-
Allocation of Debt Service: (23%)	218,884	216,812	218,185	219,233
Total expenditures	962,414	940,680	1,019,513	967,517
Excess of revenues over (under) expenditures	$ (363,032)	$ (342,569)	$ 135,928	$ (396,081)

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					
2008	2009	2010	2011 [1]	2012	2013
$ 825,653	$ 391,999	$ 360,184	$ 382,042	$ 760,820	$ 1,377,161
51,577	31,777	23,460	31,702	63,819	45,976
23,771	12,894	14,432	12,861	43,687	30,639
43,339	31,047	22,539	23,054	25,243	32,685
15,172	59,383	33,540	19,659	16,476	25,300
959,512	527,100	454,155	469,318	910,045	1,511,761
549,519	528,632	575,531	464,531	420,993	372,839
122,357	77,096	65,788	65,938	63,890	52,577
-	-	-	-	-	-
-	-	-	-	142,851	149,368
218,897	219,501	219,852	423,608	-	-
890,773	825,229	861,171	954,077	627,734	574,784
$ 68,739	$ (298,129)	$ (407,016)	$ (484,759)	$ 282,311	$ 936,977

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INDEPENDENT AUDITOR'S 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, 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, 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) as of and for the year ended September 30, 2013, and have issued our report thereon dated March 4, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the *City*'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control. .

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. . A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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. Given those limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

Purpose of the Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McDirmit Davis & Company, LLC

March 4, 2014

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, 2013, and have issued our report thereon dated March 4, 2014.

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. 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 dated March 4, 2014, 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.

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- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts and 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 which warrants the attention of those charged with governance.. In connection with our audit, we did not have any such findings.

- Section 10.554(1)(i)5., 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)6.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)6.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, 2013, 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, 2013. In connection with our audit, we determined that these two reports were in agreement.

- Pursuant to Sections 10.554(1)(i)6.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.

McDermit Davis & Company, LLC

March 4, 2014

MCDIRMIT DAVIS
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

Honorable Mayor and City Commission
City of Lake Mary, Florida

We have audited the financial statements of City of Lake Mary as of and for the year ended September 30, 2013, and have issued our report thereon dated March 4, 2014. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated June 3, 2011, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of City of Lake Mary solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

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Compliance with All Ethics Requirements Regarding Independence

The engagement team and others in our firm, as appropriate, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by City of Lake Mary is included in Note 1 to the financial statements. There have been no changes in significant accounting policies or their application during 2013, except as described in the Notes to the Financial Statements. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

> 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.
>
> Management's estimate for the allowance for doubtful accounts is based on historical loss levels, and an analysis of the individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Significant Difficulties Encountered during the Audit

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

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. 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 matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to City of Lake Mary ’s financial statements or the auditor’s report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated March 4, 2014.

Management’s Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with City of Lake Mary , we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as City of Lake Mary ’s auditors.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing City of Lake Mary’s audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. None of the matters discussed resulted in a condition to our retention as the City’s auditors.

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

Very truly yours,

McDermit Davis & Company, LLC

March 4, 2014

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