

TOWN OF LADY LAKE, FLORIDA



**Town of Lady Lake Parks and Recreation Facility
Completed November 2008**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2008**

TOWN OF LADY LAKE, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2008

Prepared by:
Karen A. Rickelman, CGFO
Finance Director

Legend:
Photo taken by:
Mike Burske
Lady Lake Parks & Recreation Director

**TOWN OF LADY LAKE, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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Municipal Complex, 409 Fennell Boulevard, Lady Lake, Florida 32159 USA

352-751-1500 FAX 352-751-1510 www.ladylake.org

March 16, 2009



Honorable Mayor, Commissioners
and Citizens of the Town of
Lady Lake, Florida

Ladies and Gentlemen:

The Comprehensive Annual Financial Report (CAFR) of the Town of Lady Lake, Florida, (hereinafter referred to as "the Town"), for the fiscal year ended September 30, 2008, is submitted herewith pursuant to Article III, Section 3.01 (f) of the Town Charter; *Florida Statutes* Chapters 11.45 and 218, and Rules of the Auditor General of the State of Florida, 10.550. State law requires an annual "financial audit" of "local governmental entities" be completed no later than twelve months after the end of the fiscal year. The CAFR is published to provide the Town Commission, Town staff, our citizens, our lenders and other interested parties with detailed information concerning the financial condition and activities of the Town.

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the Town. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Town. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

Town management and administration is responsible for establishing and maintaining internal controls designed to ensure that the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal controls are designed to provide reasonable assurance, but not absolute assurance, that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; (2) the valuation of costs and benefits requires estimates and judgments by management.

We believe the Town's internal accounting controls adequately safeguard assets and provide reasonable assurance that this financial report is complete and reliable in all material respects.

The Town's financial statements have been audited in accordance with generally accepted auditing standards by Shumacker, Johnston & Ross, PA, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended September 30, 2008, 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

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principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town's financial statements for the fiscal year ended September 30, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Federal and State Awards. As a recipient of Federal and State financial assistance, the Town also is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to these programs. Their internal controls are subject to periodic evaluation by management.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town of Lady Lake's MD&A can be found immediately following the report of the independent auditors.

THE REPORTING ENTITY AND ITS ORGANIZATION

The Town of Lady Lake is located in north Lake County, Florida, approximately fifty miles northwest of Orlando on U.S. Highway 27/441. It currently occupies 8.99 square miles and serves a population of 13,117. The Town was incorporated in 1925 and has operated under a Commission/Manager form of government since 1987. The Town Commission consists of five elected officials who are elected from their respective wards on a non-partisan basis and are responsible for enacting ordinances and resolutions which govern the Town. The five commissioners are elected to staggered two year terms. The commissioners from the even-numbered wards are elected in the even-numbered years and the commissioners from the odd-numbered wards are elected in the odd-numbered years. Each year the Commission elects one of its members to serve as Mayor. The Mayor presides over commission meetings and public ceremonies. The Commission appoints the Town Manager and the Town Attorney. As chief executive officer, the Town Manager is charged with the enforcement of all ordinances and resolutions passed by the Commission and appointment of heads of the various departments.

The Town of Lady Lake is a political subdivision of the State of Florida. As such, it is governed by and derives its operating authority from the constitution and laws of the State of Florida. The Town of Lady Lake is empowered to levy a property tax on both real and personal property (millage rate) located within its boundaries. The FY2008 property tax millage rate of \$2.20 per \$1,000 of taxable value was the lowest municipal levy within Lake County. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the Town Commission.

Honorable Mayor, Commissioners
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Lady Lake, Florida
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The Town can, and in most future cases we would predict will, provide a wide range of governmental services. These services include a library; police protection; the construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events; building inspections; code enforcement; growth management and administrative services. In addition to general government services, the Town also provides utility services including water, sewer and garbage services. The Town Commission has financial accountability and oversight of the Police Officers' and General Employees' Retirement Systems; therefore, these activities are included in this entity's report. There are no component units included within the financial statements, and there are no legally separate entities that could be included as component units of the Town.

The annual budget serves as the foundation for the Town's financial planning and control. Department heads are required to submit requests for appropriations to the Town Manager, who uses these requests as the basis for developing a proposed budget. The appropriated budget is prepared by fund, function, department and line item. The Town Commission is required to hold two public hearings on the proposed budget and millage rate in September with adoption no later than September 30th, the close of the Town's fiscal year.

The Town's adopted budget establishes budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Town Commission. The Town Manager has the authority to exercise legal budgetary control at the department level. Authority to adjust the various fund budgets is held by the Town Commission. The legally adopted annual operating budgets consist of: (1) the General Fund; (2) Special Revenue Fund; and (3) the Utility Fund. Adopted budgets for all governmental fund types are adopted on a basis consistent with GAAP. The Utility Fund budget is adopted on a basis other than GAAP. Budgets are not adopted for the pension trust funds. The Town maintains an encumbrance accounting system as one technique of accomplishing budgetary control. These encumbrances lapse at year-end.

FACTORS AFFECTING ECONOMIC CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town operates.

Local economy. Until 1980, the Town was primarily dependent on the local agricultural economy. Since 1980, however, the Town has expanded rapidly due to the development of "The Villages" retirement community. This is reflected in the Town's population, which has more than tripled since 1980.

The economic development prospects for the Town of Lady Lake continue to grow. This is due to the influx of retirees from all over the world who continue to make Lake, Sumter and Marion Counties their home. Retail and service industries continue to be in high demand as the population of the area increases at a near explosive rate in the Tri-County area.

Honorable Mayor, Commissioners
and Citizens of the Town of
Lady Lake, Florida
March 16, 2009

During the fiscal year, completed commercial construction of significance includes the RaceTrac Convenience Store with Fuel Sales, Regions Bank, TLC Surgery Center for outpatient care, Allstor retail buildings consisting of 12 units and warehouse/mini storage of 11,550 square feet. Lady Lake Crossings completed construction of the Kohl's Department Store and retail shops not yet occupied and Village Crossroads completed construction of the Bed, Bath and Beyond, Best Buy, Jo-Ann's Fabrics and Crafts, PetSmart, Cosmera Hair Studio and retail shops not yet occupied. The out parcels of Village Crossroads include a Longhorn Steakhouse, Arby's Restaurant and Insight Financial Credit Union.

Significant commercial construction permitted and currently under construction is a Sam's Club with fuel sales and car wash, Rolling Oaks Professional Office/Park, Village Crossroads out parcels, Sabal Palm Ventures office building and warehouse/storage, Sherwin Williams paint store and Summit Business Park of Lady Lake consisting of 45,360 square feet medical office building and a 1,920 square foot retail building.

As commercial development increases the need for additional housing will increase. A total of 831 multi-family units were completed or are close to completion. This additional housing will provide the necessary accommodations for the employees needed to work in the new commercial businesses.

Lake County's December 2008 unemployment rate was 8.5%. This is up from 4.7% for the same time period last year. This rate is higher than the state average of 7.8% and United States average of 7.1% for the same period.

Taxable values for real and personal property has increased by 162% from fiscal year 1999, resulting in an increase in property tax revenue from 30% of total tax revenues in FY1999 to 33% of total tax revenues in FY2008. In FY2003, the Town reduced its property tax rate from 2.72 mills to 2.20 mills and gave an additional \$25,000 homestead exemption to certain qualifying senior citizens. The continued increase in taxable values from new development will help to offset some of the loss of property tax revenue as a result of the tax relief given in FY2003.

Long-term financial planning. During the FY2003 budget process, the Town Commission felt that the Town had too much fund balance in the General Fund (audited at September 30, 2002, unrestricted \$4,533,779) and they wanted to give some tax relief to the taxpayers in the form of a reduction in the millage rate to reduce the balance. The Commission, at that time, felt that the General Fund should only have the equivalent of six months of expenditures in fund balance. Therefore, they approved a reduction in the millage rate and balanced the budget using fund balance. This has continued through the FY2009 budget process. The unrestricted fund balance at September 30, 2008 is \$3,325,535. The FY2009 General Fund budget totals \$8,838,657, which has excluded \$631,988 of the contracted fire pass thru costs, \$223,457 of debt proceeds for the purchase of police vehicles, \$7,261,019 of library expansion costs that will be funded from a grant, debt proceeds and a transfer from the one-

Honorable Mayor, Commissioners
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Lady Lake, Florida
March 16, 2009

cent infrastructure sales surtax revenue fund (“sales tax fund”). (The debt payments on the library expansion are going to be repaid from transfers from the sales tax fund.) The FY2009 budget was balanced using \$1,210,775 of unrestricted fund balance. These funds are being used for resurfacing roads, additional police vehicles and equipment and expansion of the Lady Lake Library.

Relevant financial policies. The sales tax fund is authorized through December 31, 2017. This revenue can only be used for projects eligible for funding as specified in the infrastructure sales surtax referendum. The Town will receive approximately \$1,100,000 of sales tax revenue each year. In October 2004, the Town Commission approved borrowing \$6,000,000 and pledged the sales tax revenue for repayment of the debt through October 1, 2014. The proceeds of the loan were used to construct water and wastewater infrastructure improvements, which included a new wastewater treatment plant. The debt service payments are made monthly and will require the use of approximately \$730,000 of sales tax revenues each year. The remainder of the sales tax revenues will be used on debt service payments associated with the expansion of the Lady Lake Library as approved by the Town Commission.

Major initiatives. During fiscal year 2006, the Town completed Phase I construction of a 0.25 million gallons per day (MGD) wastewater treatment facility with Rapid Infiltration Basins (RIBS). At the same time, additional wastewater force mains, water mains and reclaimed water reuse systems were completed. In February 2007, the Town Commission approved proceeding with Phase II of the wastewater treatment facility consisting of 1 MGD of reclaimed treatment capacity, 1 MGD pretreatment structure and rerating the Phase I facility from 0.25 MGD to 0.4 MGD. In November 2007, the Town Commission approved proceeding with a change order to the Phase II contract to retrofit the existing Phase I facility to have the capacity to process 0.4 MGD of wastewater. These improvements will greatly enhance the Town’s ability to provide water, wastewater, and reuse water service to future development.

Construction of a new parks and recreation facility consisting of offices and maintenance building was started on March 31, 2008 with a final completion date of September 30, 2008. Due to several change orders the structure was given a certificate of occupancy on November 26, 2008. The total cost of the project (including demolition of the old facility) was \$486,463. The project was funded from unrestricted fund balance. The site where the old facility was located is going to be used for the expansion of the Lady Lake Library.

The continued increase in population and development has also had an impact on the road systems within our community. The CR 466 four laning from the Sumter County line to its terminus at US27/441 in Lady Lake is currently under construction. The Town is working with developers and other governmental agencies to expand other existing road systems to accommodate the explosive growth in the area.

Honorable Mayor, Commissioners
and Citizens of the Town of
Lady Lake, Florida
March 16, 2009

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 Town of Lady Lake for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2007. This was the thirteenth consecutive year that the Town of Lady Lake has achieved this prestigious award.

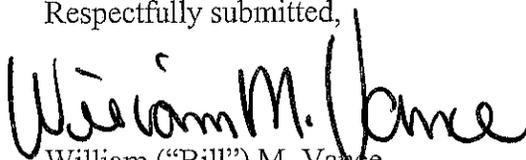
In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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 GFOA to determine its eligibility for another certificate.

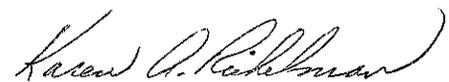
The preparation of the comprehensive annual financial report on a timely basis is made possible by the efficient and dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

In closing, we extend our sincere appreciation to the members of the Town of Lady Lake Commission for their leadership, concern and continued support in planning and conducting the fiscal operations of the Town in a responsible and progressive manner.

Respectfully submitted,



William ("Bill") M. Vance
Town Manager



Karen A. Rickelman, CGFO
Finance Director

**TOWN OF LADY LAKE, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2008**

**TOWN COMMISSION AND OFFICIALS
AT SEPTEMBER 30, 2008**

Mayor - Commissioner - Ward 5.....	James A. Richards
Commissioner -Ward 1.....	Vacant
Commissioner - Ward 2.....	Anthony Holden
Commissioner - Ward 3.....	Tyrone Miller
Commissioner - Ward 4.....	Paul F. Hannan
Town Manager.....	William M. “Bill” Vance
Town Clerk.....	Kristen L. Kollgaard
Finance Director.....	Karen A. Rickelman
Director of Human Resources.....	Guy M. Shields
Director of Library and Information Services.....	Marilynn L. Nesbitt
Parks and Recreation Director.....	Michael D. Burske
Police Chief.....	Eddy A. Nathanson
Public Works Director.....	C. T. Eagle
Town Attorney.....	Derek A. Schroth
Town Auditors.....	Shumacker, Johnston & Ross, PA

Town of Lady Lake, Florida

Certificate of Achievement

For the year ended September 30, 2007

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Lady Lake, Florida for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2007. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial report.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR 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 our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Lady Lake
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2007

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



A handwritten signature in black ink, appearing to read "M. L. R.", written in a cursive style.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", written in a cursive style.

Executive Director

Shumacker, Johnston & Ross, PA

Certified Public Accountants

J. Cecil Shumacker, CPA
Robert E. Johnston, CPA (1982-2001)
W. Chet Ross, CPA

American Institute of
Certified Public Accountants

Florida Institute of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

March 16, 2009

Honorable Mayor and Members of
the Town Commission
Town of Lady Lake, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Lady Lake, Florida as of and for the year ended September 30, 2008, which collectively comprise the Town's basic financial statements, and the individual fund financial statements of the Town of Lady Lake, Florida as of and for the years ended September 30, 2008 and 2007, as listed in the table of contents. These financial statements are the responsibility of the Town of Lady Lake, Florida's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Town of Lady Lake, Florida as of September 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund and Sales Tax Revenue Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Also, in our opinion, the individual fund financial statements as of September 30, 2008 and 2007, and for the years then ended, present fairly, in all material respects, the financial position of each of the individual funds of the Town of Lady Lake, Florida, as of September 30, 2008 and 2007, and the results of operations of such funds and the cash flows of individual proprietary funds for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2009 on our consideration of the Town of Lady Lake's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 14 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Lady Lake, Florida basic financial statements and on the individual fund financial statements. The financial information listed as Schedule of Budgetary Compliance and Capital Assets Used in the Operation of Governmental Activities in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Town of Lady Lake, Florida. The information in these schedules has been subjected to the auditing procedures applied in the audit of the basic and individual fund financial statements, and, in our opinion, is fairly presented in all material respects in relation to the financial statements of each of the respective individual funds taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The accompanying information listed under Statistical Section in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Town of Lady Lake, Florida. Such information has not been subjected to the auditing procedures applied in the audit of the basic and individual fund financial statements, and, accordingly, we express no opinion on it.



Shumacker, Johnston & Ross, PA

**TOWN OF LADY LAKE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008**

As management of the Town of Lady Lake, Florida, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - vi of this report.

As with other sections of this financial report, the information contained within this MD&A should be considered only a part of a greater whole. The reader of this statement should take time to read and evaluate all sections of this report, including the notes to the financial statements and the other required supplementary information that is provided in addition to this MD&A.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$37,618,392 (net assets). Of this amount, \$4,626,231 (unrestricted net assets) may be used to meet the Town's ongoing obligations to citizens and creditors in accordance with the Town's fund designation and fiscal policies.
- The Town's total net assets increased by \$1,422,435, of which \$1,836,997 represents an increase in net assets from business-type activities.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$5,757,993, a decrease of \$1,130,504 in comparison with the prior year. Of this amount, \$3,325,535 or 58% is unreserved and available for use within the Town's fund designation and fiscal policies.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund was \$3,325,535, a decrease of \$1,506,121 in comparison with the prior year. This represents 33% of total General Fund expenditures.
- The Town's total debt decreased by \$694,097 during the current fiscal year. The reduction was due to scheduled debt service payments on outstanding debt issues.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**TOWN OF LADY LAKE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008**

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only 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 Town 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 Town include general government, public safety, growth management, public works (which includes street maintenance), and culture and recreation. The business-type activities of the Town include a utility fund to account for water, sewer and garbage services.

The government-wide financial statements do not include any component units.

The government-wide financial statements can be found on pages 15-17 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, 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 Town can be divided into three categories: governmental funds, proprietary funds, 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 evaluating a government's near-term financing requirements.

**TOWN OF LADY LAKE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008**

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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Sales Tax Revenue Fund, which are considered to be major funds.

The Town adopts an annual appropriated budget for all governmental funds. Budgetary comparison schedules have been provided for these funds to demonstrate budgetary compliance.

The governmental fund financial statements can be found on pages 19 through 23 of this report.

Proprietary funds. The Town maintains only one type of proprietary fund. It is an enterprise fund used to report the same functions presented as business-type activities in the government-wide financial statements. The Town's enterprise fund accounts for its water, sewer and garbage utility operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 24 through 28 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary funds include pension trust funds for police and general employees.

The basic fiduciary fund financial statements can be found on pages 29 through 30 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund

**TOWN OF LADY LAKE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008**

financial statements. The notes to the financial statements can be found on pages 31 through 50 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 52 of this report.

Comparative individual fund statements and schedules can be found on pages 56 through 78 of this report.

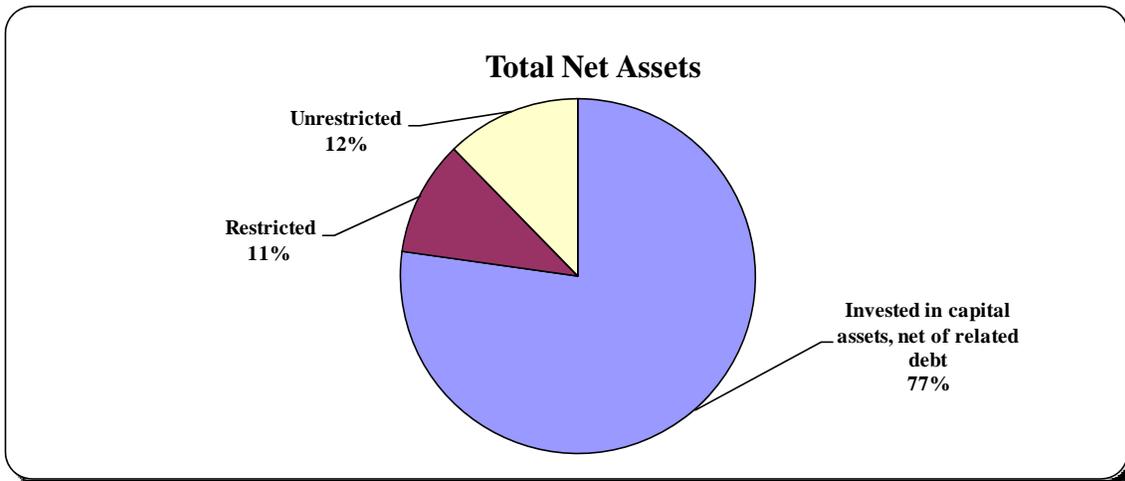
GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of net assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$37,618,392 as of September 30, 2008. The following table reflects the condensed statement of net assets for the current fiscal year as compared to the prior fiscal year.

TOWN OF LADY LAKE'S NET ASSETS

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 6,700,465	\$ 7,775,471	\$ 4,824,042	\$ 7,481,215	\$ 11,524,507	\$ 15,256,686
Capital assets	10,498,241	9,833,288	21,711,755	18,115,428	32,209,996	27,948,716
Total Assets	17,198,706	17,608,759	26,535,797	25,596,643	43,734,503	43,205,402
Current and other liabilities	782,499	719,590	636,120	906,858	1,418,619	1,626,448
Long-term liabilities						
outstanding	389,390	447,790	4,308,102	4,935,207	4,697,492	5,382,997
Total Liabilities	1,171,889	1,167,380	4,944,222	5,842,065	6,116,111	7,009,445
Net Assets:						
Invested in capital assets,						
net of related debt	10,361,952	9,634,717	18,689,898	14,288,577	29,051,850	23,923,294
Restricted	2,301,434	1,858,183	1,638,877	3,927,130	3,940,311	5,785,313
Unrestricted	3,363,431	4,948,479	1,262,800	1,538,871	4,626,231	6,487,350
Total Net Assets	<u>\$ 16,026,817</u>	<u>\$ 16,441,379</u>	<u>\$ 21,591,575</u>	<u>\$ 19,754,578</u>	<u>\$ 37,618,392</u>	<u>\$ 36,195,957</u>

**TOWN OF LADY LAKE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008**



The largest portion of the Town's net assets (\$29,051,850 or 77%) reflects its investment in capital assets (e.g., land, buildings and utility systems, improvements other than buildings, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net assets (\$3,940,311 or 11%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$4,626,231 or 12%) may be used to meet the government's ongoing obligations to citizens and creditors.

As of September 30, 2008, the Town is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

There was an increase of \$443,251 in the restricted net assets reported in connection with the Town's governmental activities. The major portion of this increase (\$372,935) was due to the collection of infrastructure surtax revenue (Capital Improvements) that was not spent.

The business-type activities had an increase of \$1,836,997 or 9% in total net assets compared to the prior year. The invested in capital assets, net of related debt, increased by \$4,401,321 or 30% due to the construction of Phase II and IIa of the wastewater treatment facility. The restricted net assets decreased by \$2,288,253 or 58% due to the use of water and wastewater impact fees on the wastewater treatment facility.

**TOWN OF LADY LAKE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008**

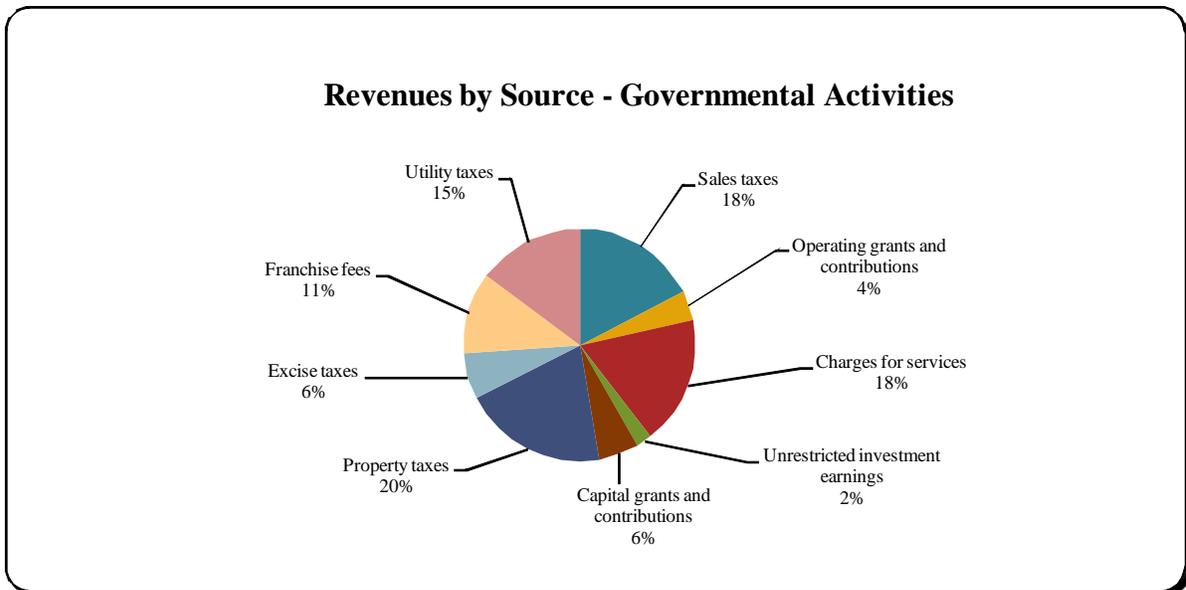
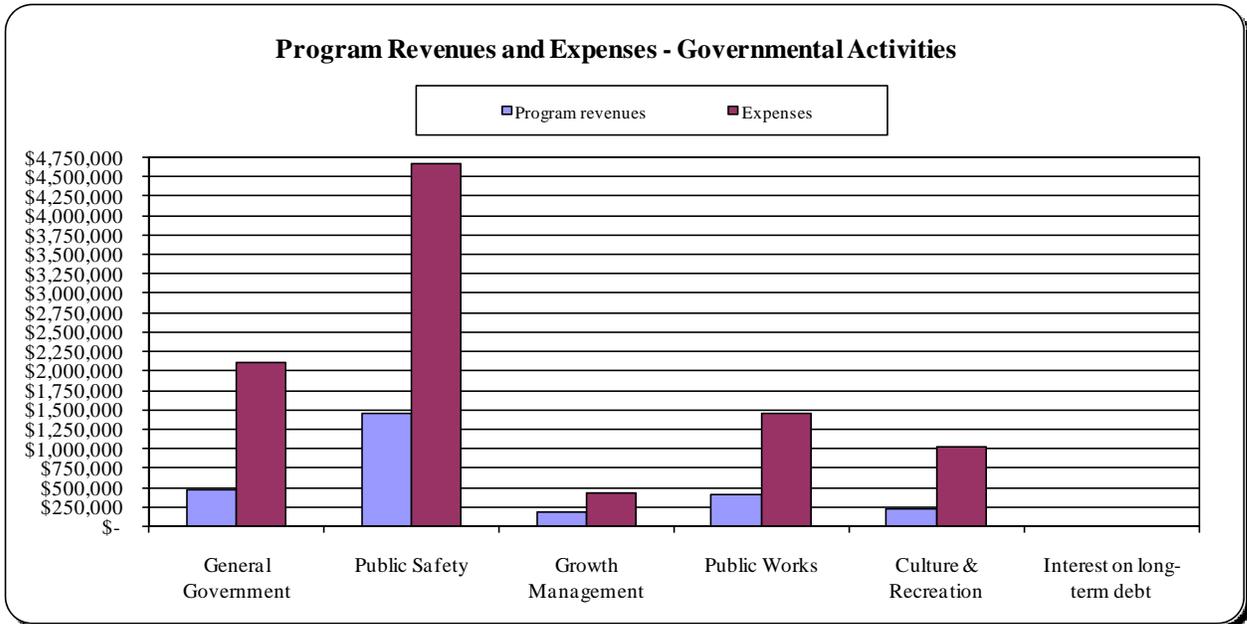
Statement of activities. As noted earlier, the statement of activities presents information showing how the Town's net assets changed during the current year. The following table reflects the condensed statement of activities for the current fiscal year as compared to the prior fiscal year.

TOWN OF LADY LAKE'S CHANGES IN NET ASSETS

	Governmental		Business-type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 1,788,049	\$ 1,951,727	\$ 1,759,014	\$ 1,490,860	\$ 3,547,063	\$ 3,442,587
Operating grants and contributions	408,982	1,807,208	-	-	408,982	1,807,208
Capital grants and contributions	579,163	1,501,163	1,342,358	4,004,394	1,921,521	5,505,557
General revenues:						
Property taxes	1,998,784	1,802,719	-	-	1,998,784	1,802,719
Sales taxes	1,750,420	1,934,966	-	-	1,750,420	1,934,966
Franchise fees	1,136,241	1,102,074			1,136,241	1,102,074
Utility taxes	1,484,241	1,558,851	-	-	1,484,241	1,558,851
Excise taxes	644,564	708,491	-	-	644,564	708,491
Unrestricted investment earnings	212,044	454,554	54,042	182,977	266,086	637,531
Total Revenues	10,002,488	12,821,753	3,155,414	5,678,231	13,157,902	18,499,984
Expenses:						
General Government	2,116,586	3,245,414	-	-	2,116,586	3,245,414
Public Safety	4,675,709	4,172,689	-	-	4,675,709	4,172,689
Growth Management	428,130	491,530	-	-	428,130	491,530
Public Works	1,459,612	1,215,478	-	-	1,459,612	1,215,478
Culture and Recreation	1,026,511	953,119	-	-	1,026,511	953,119
Interest on long-term debt	9,339	9,159	-	-	9,339	9,159
Utility Services	-	-	2,019,580	1,964,799	2,019,580	1,964,799
Total Expenses	9,715,887	10,087,389	2,019,580	1,964,799	11,735,467	12,052,188
Change in net assets before transfers	286,601	2,734,364	1,135,834	3,713,432	1,422,435	6,447,796
Transfers	(701,163)	(3,318,857)	701,163	3,318,857	-	-
Change in net assets	(414,562)	(584,493)	1,836,997	7,032,289	1,422,435	6,447,796
Net Assets - 10/1/2007	16,441,379	17,025,872	19,754,578	12,722,289	36,195,957	29,748,161
Net Assets - 9/30/2008	<u>\$ 16,026,817</u>	<u>\$ 16,441,379</u>	<u>\$ 21,591,575</u>	<u>\$ 19,754,578</u>	<u>\$ 37,618,392</u>	<u>\$ 36,195,957</u>

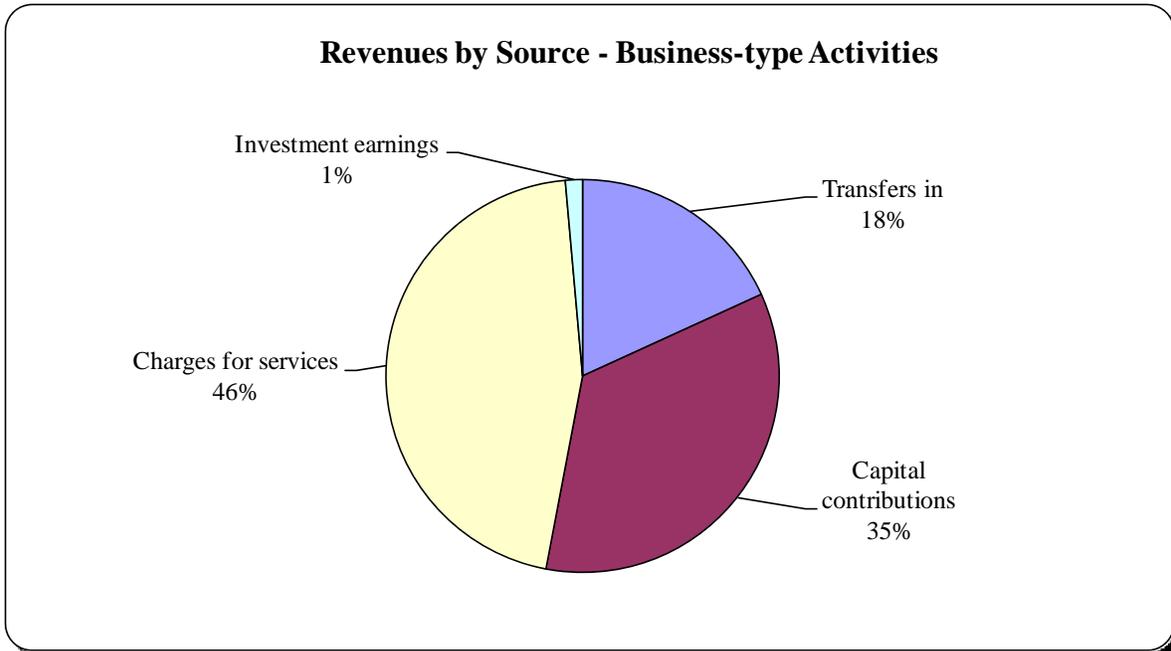
**TOWN OF LADY LAKE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008**

Governmental activities. Governmental activities decreased the Town's net assets by \$414,562. The main reason for this decrease was the transfer of infrastructure surtax revenue to the utility fund for the debt service payments on the loan used for construction of water and wastewater infrastructure improvements which included a wastewater treatment plant.



**TOWN OF LADY LAKE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008**

Business-type activities. Business-type activities increased the Town's net assets by \$1,836,997. The increase is due primarily to the transfer of infrastructure surtax revenue from the Special Revenue Fund to the Utilities Fund of \$730,163 for the debt service payments on the loan for the water and sewer infrastructure, the collection of \$827,540 of water and sewer impact fees and contributions from developers of \$514,818.



FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

Governmental funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, the unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2008, the Town's governmental funds reported combined ending fund balances of \$5,757,993, a decrease of \$1,130,504 in comparison with the prior year. Approximately 58% of this total amount (\$3,325,535) constitutes the unreserved fund balance that is available for spending at the Town's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) to provide for prepaids (\$131,024), 2) to provide for building inspections (\$152,649), 3) police training and equipment (\$52,245), 4) education (\$1,584,846), and 5) infrastructure (\$511,694).

**TOWN OF LADY LAKE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008**

The General Fund is the primary operating fund of the Town. As of the end of fiscal year 2008, the fund balance of the General Fund was \$5,246,299, of which \$1,920,764 was reserved. The fund balance decreased by \$1,503,439 of which \$1,506,121 reduced the unreserved and \$2,682 increased the reserved. As a measure of the General Fund's liquidity, it is useful to compare the unreserved fund balance to total expenditures. Unreserved fund balance represents 33% of total General Fund expenditures, while total fund balance represents 51% of that same amount.

The key factor for the decrease in the unreserved fund balance of the General Fund was the use of fund balance, in lieu of raising taxes, to pay for a new Parks and Recreation facility, road resurfacing, and architectural services for the Lady Lake Library expansion.

The Sales Tax Revenue Fund had a fund balance of \$511,694 at the end of the fiscal year, an increase of \$372,935 from the prior year. Of this amount, 100% is reserved for infrastructure improvements. The increase is the result of unspent tax revenues.

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

As of the end of fiscal year 2008, the Town's Utility Fund reported unrestricted net assets of \$1,262,800, a decrease of \$276,071 from the prior year. This decrease was mainly due to sewer expenses exceeding revenues for the year. Other factors concerning the finances of the Utility Fund have already been addressed in the discussion of the Town's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town made revisions to the original appropriations approved by the Town Commission. These changes resulted in a decrease to the appropriations of approximately 36% or \$6,083,861. The major portion of this decrease was due to a delay in the Lady Lake Library expansion project of \$6,531,436, however, \$254,640 was added to appropriations for road resurfacing work that was not in the original appropriations budget.

The fiscal year 2008 General Fund budget was balanced using \$2,388,157 of unreserved fund balance. However, the revision to the original budget reduced this amount to \$1,679,476 or a \$708,681 reduction. The major portion of this reduction, \$656,338, was re-appropriated in the FY2009 budget as it was the balance of the \$1,000,000 appropriated for use on the Lady Lake Library expansion project that did not get underway as planned. Overall for the year, expenditures exceeded revenues by \$1,533,359.

**TOWN OF LADY LAKE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008**

CAPITAL ASSETS

The Town's investment in capital assets for its governmental and business-type activities as of September 30, 2008, amounts to \$32,209,996 (net of depreciation). This investment in capital assets includes land, buildings and utility systems, improvements other than buildings, equipment, infrastructure and construction in progress. The total increase in the Town's investment in capital assets for the current fiscal year was 15% (a 7% increase for governmental activities and a 20% increase for business-type activities).

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

Governmental funds:

- Architectural services for the Lady Lake Library expansion \$341,300
- New Parks & Recreation offices and maintenance building \$402,378
- Log Cabin Restoration \$37,818
- Upgrade of electric service at the Log Cabin for Christmas lights \$19,093
- Expansion to the Public Works Motor Pool building \$82,397
- Fencing and irrigation for K-9 training area at the Public Works Complex \$8,806
- Fingerprint system and software for Police Department \$14,577
- Dictaphone System for Police Department \$16,915
- Powerware UPS (including installation) for Police Department \$26,155
- Plotter for the Growth Management Department \$6,792
- PC-Dell Workstation with ARC Info. for the Growth Management Department \$10,900
- Gator cart 4x4 for the Public Works Street Maintenance Department \$12,055
- 2008 F-350 Flat Bed Truck for the Public Works Road & Street Maintenance Department \$44,566
- Mower for the Parks and Recreation Department \$24,098

Business-type funds:

- 2 – 2008 Ford F150 pick-up trucks for the Water Department \$37,669
- Trailer mounted generator for the Sewer Department \$25,879
- Vac-tron System for the Sewer Department \$44,959
- 2008 Ford F150 pick-up truck for the Sewer Department \$21,436
- Lift Station #6 upgrade for the Sewer Department \$21,339
- 50KW Diesel trailer mounted generator for the Sewer Department \$32,450
- Line Camera for the Sewer Department \$12,020
- CR466 utility project costs \$7,458
- Engineering and construction costs for phase II and IIa of the wastewater treatment plant totaling \$3,264,239

**TOWN OF LADY LAKE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008**

TOWN OF LADY LAKE'S CAPITAL ASSETS

(net of depreciation)

	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 1,660,349	\$ 1,660,349	\$ 506,153	\$ 506,153	\$ 2,166,502	\$ 2,166,502
Buildings and system Improvements other than buildings	4,270,105	4,340,234	13,081,081	13,055,911	17,351,186	17,396,145
Furniture and equipment	1,233,111	1,290,681	-	-	1,233,111	1,290,681
Infrastructure	1,209,223	1,329,314	495,727	375,969	1,704,950	1,705,283
Construction in Progress	1,326,107	1,157,042	-	-	1,326,107	1,157,042
	799,346	55,668	7,628,794	4,177,395	8,428,140	4,233,063
Total Capital Assets	\$ 10,498,241	\$ 9,833,288	\$ 21,711,755	\$ 18,115,428	\$ 32,209,996	\$ 27,948,716

Additional information on the Town's capital assets can be found in Note 5 on pages 38-39 of this report.

LONG-TERM DEBT

At the end of fiscal year 2008, the Town had total long-term debt outstanding of \$4,697,492. Of this amount, \$136,289 represents the balance of a capital lease agreement for police vehicles, \$3,943,176 is utility debt secured by the infrastructure sales tax, and \$345,512 is debt secured by utility system revenues. The balance of \$272,515 represents amounts due for compensated absences.

The Town's total debt decreased by \$694,097 for fiscal year 2008 due to normal principal debt service payments.

Additional information on the Town's long-term debt can be found in Note 7 on pages 40-42 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

On January 29, 2008, the Florida electorate approved an amendment to the Florida Constitution relative to property taxation. This amendment (referred to as Amendment 1) was placed on the ballot by the Florida Legislature at a special session held in October 2007. With respect to homestead property, Amendment 1 increases the current \$25,000 homestead exemption by another \$25,000 (for property values between \$50,000 - \$75,000), except for school district taxes. Amendment 1 also allows property owners to transfer (make portable) up to \$500,000 of their Save Our Homes benefits to their next homestead when they move. Save Our Homes became effective in 1992 and limits (caps) the annual increase in assessed value for homestead property to three percent (3%) or the percentage change in the Consumer Price Index, whichever is less.

**TOWN OF LADY LAKE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008**

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

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

The Town's net taxable value of commercial and residential property decreased 9% in tax year 2008 as compared to an increase of 11% in tax year 2007. This decrease in taxable value was a result of the provisions contained in Amendment 1. In order to make up a portion of the taxable values lost due to Amendment 1, the Town increased the millage rate from 2.20 mills in FY2008 to 3.087 mills for FY2009. The Town Commission made a decision to go back to the millage rate used in FY2002 of 2.72 mills and then add a millage rate of .367 mills to make up for the loss in taxable value due to Amendment 1.

For the fiscal year ended September 30, 2008, the unreserved, undesignated fund balance in the General Fund was \$3,325,535. The Town appropriated \$1,210,775 of this amount to balance the FY2009 budget.

In November 2008, the Town completed construction of Phase II and IIa of the wastewater treatment plant. Phase II and IIa will provide the rerating of the Phase I plant (completed in April 2006) from 0.25 MGD to 0.4 MGD, provide for 1 MGD of reclaimed treatment capacity, a 1 MGD pretreatment structure, and retrofitting the Phase I facility to have the capacity to process 0.4 MGD of wastewater.

Effective October 1, 2008, the water rates were increased by 5.3%, which was the increase in CPI-U from January 2007 to January 2008. Also, effective the same date, the wastewater volume charge was increased from \$3.42 to \$3.55 per 1000 gallons.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances and for accountability. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 409 Fennell Blvd., Lady Lake, Florida 32159.

TOWN OF LADY LAKE, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008

<u>ASSETS</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
Cash and Equivalents	\$ 1,668,338	\$ 836,140	\$ 2,504,478
Investments	4,140,014	233,681	4,373,695
Receivables (net of allowance for uncollectibles)	255,173	182,653	437,826
Due from Other Governments	380,410	-	380,410
Internal Balances	(20,578)	20,578	-
Inventory and Prepaid Items	131,024	49,404	180,428
Restricted Cash	-	1,995,144	1,995,144
Deferred Charges	-	159,051	159,051
Sewer Capacity Reservation Agreement (net of accumulated amortization)	-	1,347,391	1,347,391
Capital Assets (net of accumulated depreciation):			
Land	1,660,349	506,153	2,166,502
Buildings and Utility Systems	4,270,105	13,081,081	17,351,186
Improvements Other Than Buildings	1,233,111	-	1,233,111
Equipment	1,209,223	495,727	1,704,950
Infrastructure	1,326,107	-	1,326,107
Construction in Progress	799,346	7,628,794	8,428,140
Net Pension Obligation	146,084	-	146,084
Total Assets	17,198,706	26,535,797	43,734,503
 <u>LIABILITIES</u> 			
Accounts Payable	285,713	213,521	499,234
Accrued Liabilities	203,493	21,468	224,961
Accrued Interest Payable	6,286	15,348	21,634
Due to Pension Funds	101,463	-	101,463
Customer Deposits	-	353,701	353,701
Due to Other Governments	148,920	-	148,920
Unearned Revenue	36,624	32,082	68,706
Noncurrent Liabilities:			
Due within one year	247,188	676,681	923,869
Due in more than one year	142,202	3,631,421	3,773,623
Total Liabilities	1,171,889	4,944,222	6,116,111
 <u>NET ASSETS</u> 			
Invested in Capital Assets, net of related debt	10,361,952	18,689,898	29,051,850
Restricted for:			
Capital Improvements	511,694	1,577,122	2,088,816
Debt Service	-	61,755	61,755
Police	52,245	-	52,245
Building Inspections	152,649	-	152,649
Education	1,584,846	-	1,584,846
Unrestricted	3,363,431	1,262,800	4,626,231
Total Net Assets	\$ 16,026,817	\$ 21,591,575	\$ 37,618,392

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

**TOWN OF LADY LAKE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental Activities:				
General Government	\$ 2,116,586	\$ 179,083	\$ 107,677	\$ 193,200
Public Safety	4,675,709	1,393,794	23,539	45,593
Growth Management	428,130	186,009	-	-
Public Works	1,459,612	-	103,340	318,490
Culture and Recreation	1,026,511	29,163	174,426	21,880
Interest on Long-term Debt	9,339	-	-	-
Total Governmental Activities	9,715,887	1,788,049	408,982	579,163
Business-Type Activities				
Water	933,226	1,073,086	-	561,212
Sewer	774,490	347,695	-	781,146
Garbage	311,864	338,233	-	-
Total Business-Type Activities	2,019,580	1,759,014	-	1,342,358
Total	\$ 11,735,467	\$ 3,547,063	\$ 408,982	\$ 1,921,521

General Revenues:

Property Taxes
Sales Taxes
Franchise Fees
Utility Taxes
Excise Taxes
Unrestricted Investment Earnings
Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

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

NET (EXPENSE) REVENUE AND
CHANGES IN NET ASSETS

<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
\$ (1,636,626)	\$ -	\$ (1,636,626)
(3,212,783)	-	(3,212,783)
(242,121)	-	(242,121)
(1,037,782)	-	(1,037,782)
(801,042)	-	(801,042)
(9,339)	-	(9,339)
<u>(6,939,693)</u>	<u>-</u>	<u>(6,939,693)</u>
-	701,072	701,072
-	354,351	354,351
-	26,369	26,369
<u>-</u>	<u>1,081,792</u>	<u>1,081,792</u>
<u>(6,939,693)</u>	<u>1,081,792</u>	<u>(5,857,901)</u>
1,998,784	-	1,998,784
1,750,420	-	1,750,420
1,136,241	-	1,136,241
1,484,241	-	1,484,241
644,564	-	644,564
212,044	54,042	266,086
(701,163)	701,163	-
<u>6,525,131</u>	<u>755,205</u>	<u>7,280,336</u>
(414,562)	1,836,997	1,422,435
<u>16,441,379</u>	<u>19,754,578</u>	<u>36,195,957</u>
<u>\$ 16,026,817</u>	<u>\$ 21,591,575</u>	<u>\$ 37,618,392</u>

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TOWN OF LADY LAKE, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008

<u>ASSETS</u>	<u>GENERAL</u>	<u>SALES TAX REVENUE</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Cash and Equivalents	\$ 1,228,608	\$ 439,730	\$ 1,668,338
Investments	4,140,014	-	4,140,014
Accounts Receivable (net of allowance for uncollectibles)	241,856	-	241,856
Due from Other Funds	2,158	-	2,158
Special Assessments Receivable	13,317	-	13,317
Due from Other Governments	283,228	97,182	380,410
Prepaid Items	131,024	-	131,024
 Total Assets	 <u>\$ 6,040,205</u>	 <u>\$ 536,912</u>	 <u>\$ 6,577,117</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES:			
Accounts Payable	\$ 285,713	\$ -	\$ 285,713
Accrued Liabilities	203,493	-	203,493
Due to Other Funds	124,199	-	124,199
Due to Other Governments	577	-	577
Deferred Revenue	143,300	25,218	168,518
Unearned Revenue	36,624	-	36,624
 Total Liabilities	 <u>793,906</u>	 <u>25,218</u>	 <u>819,124</u>
FUND BALANCES:			
Reserved for:			
Prepays	131,024	-	131,024
Building Inspections	152,649	-	152,649
Police	52,245	-	52,245
Education	1,584,846	-	1,584,846
Infrastructure	-	511,694	511,694
Unreserved	3,325,535	-	3,325,535
 Total Fund Balances	 <u>5,246,299</u>	 <u>511,694</u>	 <u>5,757,993</u>
 Total Liabilities and Fund Balances	 <u>\$ 6,040,205</u>	 <u>\$ 536,912</u>	

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Cost of capital assets \$15,622,356 less accumulated depreciation of \$5,124,115.	10,498,241
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	168,518
Net pension obligation is not an available financial resource and, therefore, is not reported as an asset in the funds.	146,084
Long-term liabilities are not due and payable in the current-period and, accordingly, are not reported in the governmental funds. Long-term liabilities consist of capital leases, accrued interest, amounts due other governments, and compensated absences	(544,019)
NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ 16,026,817

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

TOWN OF LADY LAKE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>GENERAL</u>	<u>SALES TAX REVENUE</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES:			
Taxes	\$ 4,905,924	\$ 1,099,337	\$ 6,005,261
Licenses and Permits	772,972	-	772,972
Intergovernmental	1,482,333	-	1,482,333
Charges for Services	158,561	-	158,561
Fines and Forfeitures	118,481	-	118,481
Miscellaneous	1,222,545	3,761	1,226,306
 Total Revenues	 <u>8,660,816</u>	 <u>1,103,098</u>	 <u>9,763,914</u>
EXPENDITURES:			
Current:			
General Government	1,976,628	-	1,976,628
Public Safety	4,560,641	-	4,560,641
Growth Management	437,204	-	437,204
Public Works	1,356,600	-	1,356,600
Culture and Recreation	905,622	-	905,622
Capital Outlay	882,986	-	882,986
Debt Service:			
Principal	62,282	-	62,282
Interest	12,212	-	12,212
 Total Expenditures	 <u>10,194,175</u>	 <u>-</u>	 <u>10,194,175</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>(1,533,359)</u>	 <u>1,103,098</u>	 <u>(430,261)</u>
OTHER FINANCING SOURCES (USES):			
Transfers In	29,000	-	29,000
Transfers Out	-	(730,163)	(730,163)
Sales of Capital Assets	920	-	920
 Total Other Financing Sources (Uses)	 <u>29,920</u>	 <u>(730,163)</u>	 <u>(700,243)</u>
 Net Change in Fund Balances	 (1,503,439)	 372,935	 (1,130,504)
 Fund Balance, Beginning of Year	 <u>6,749,738</u>	 <u>138,759</u>	 <u>6,888,497</u>
 Fund Balance, End of Year	 <u>\$ 5,246,299</u>	 <u>\$ 511,694</u>	 <u>\$ 5,757,993</u>

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

**TOWN OF LADY LAKE, 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, 2008**

Amounts reported for governmental activities in the Statement of Activities (pages 16 - 17) are different because:

Net Change in Fund Balances - Total Governmental Funds	\$ (1,130,504)
Governmental funds report capital outlays as expenditures. In the Statement of Activities the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays, \$1,125,079 exceeded depreciation, \$702,264 in the current period.	422,815
Donations of capital assets increase net assets in the Statement of Activities, but do not appear in the governmental funds because they are not <i>financial</i> resources.	253,292
The net effect of various sales and other dispositions of capital assets is to decrease net assets.	(11,154)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. Infrastructure surtaxes, \$(1,610). Casualty insurance premium taxes \$101,338. Federal & State grants \$28,644.	128,372
Street assessments from prior years that were collected during the current year are reported as revenues in the governmental funds, but are not included in the Statement of Activities.	5,253
Other liabilities that are not payable with current financial resources are not reported in the governmental funds. Communications service tax due back to the state.	(148,343)
Interest accrued on long-term debt reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds.	2,873
Repayment of long-term debt is reported as an expenditure in governmental funds, but a reduction of long-term liabilities in the Statement of Net Assets.	62,282
Compensated absences reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(3,882)
Changes in the Net Pension Obligation do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.	<u>4,434</u>
Change in Net Assets of Governmental Activities	<u><u>\$ (414,562)</u></u>

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

TOWN OF LADY LAKE, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Taxes	\$ 4,912,049	\$ 4,932,223	\$ 4,905,924	\$ (26,299)
Licenses and Permits	787,000	765,820	772,972	7,152
Intergovernmental	2,023,516	1,486,656	1,482,333	(4,323)
Charges for Services	147,700	158,300	158,561	261
Fines and Forfeitures	81,000	109,545	118,481	8,936
Miscellaneous	968,702	1,250,224	1,222,545	(27,679)
Total Revenues	8,919,967	8,702,768	8,660,816	(41,952)
EXPENDITURES:				
Current:				
General Government	1,976,992	2,171,014	1,976,628	194,386
Public Safety	4,721,870	4,661,567	4,560,641	100,926
Growth Management	381,009	449,521	437,204	12,317
Public Works	1,210,457	1,376,383	1,356,600	19,783
Culture and Recreation	925,322	927,607	905,622	21,985
Capital Outlay	6,960,000	980,697	882,986	97,711
Debt Service	549,494	74,494	74,494	-
Total Expenditures	16,725,144	10,641,283	10,194,175	447,108
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,805,177)	(1,938,515)	(1,533,359)	405,156
OTHER FINANCING SOURCES:				
Debt Proceeds	4,900,000	-	-	-
Transfers In	504,000	76,643	29,000	(47,643)
Sale of Capital Assets	-	750	920	170
Total Other Financing Sources	5,404,000	77,393	29,920	(47,473)
Net Change in Fund Balance	(2,401,177)	(1,861,122)	(1,503,439)	357,683
Fund Balance, Beginning of Year	6,749,738	6,749,738	6,749,738	-
Fund Balance, End of Year	\$ 4,348,561	\$ 4,888,616	\$ 5,246,299	\$ 357,683

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

**TOWN OF LADY LAKE, FLORIDA
SALES TAX REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:				
Taxes	\$ 1,250,000	\$ 1,102,000	\$ 1,099,337	\$ (2,663)
Miscellaneous	<u>1,000</u>	<u>3,470</u>	<u>3,761</u>	<u>291</u>
Total Revenues	<u>1,251,000</u>	<u>1,105,470</u>	<u>1,103,098</u>	<u>(2,372)</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	<u>(1,205,163)</u>	<u>(730,163)</u>	<u>(730,163)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,205,163)</u>	<u>(730,163)</u>	<u>(730,163)</u>	<u>-</u>
Net Change in Fund Balance	45,837	375,307	372,935	(2,372)
Fund Balance, Beginning of Year	<u>138,759</u>	<u>138,759</u>	<u>138,759</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 184,596</u>	<u>\$ 514,066</u>	<u>\$ 511,694</u>	<u>\$ (2,372)</u>

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

TOWN OF LADY LAKE, FLORIDA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
SEPTEMBER 30, 2008

<u>ASSETS</u>	<u>UTILITY FUND</u>
CURRENT ASSETS:	
Cash	\$ 836,140
Investments	233,681
Restricted Cash:	
State Revolving Fund Loan Reserves	41,847
Customer Deposits	353,701
Customer Receivables, net of allowance for uncollectibles	182,653
Due from Other Funds	22,736
Inventory	48,304
Prepaid Items	1,100
	<hr/>
Total Current Assets	1,720,162
NONCURRENT ASSETS:	
Restricted Cash:	
State Revolving Fund Loan Reserves	22,474
Capital Improvements	1,577,122
	<hr/>
Total Restricted Cash	1,599,596
	<hr/>
Deferred Engineering Costs	75,365
	<hr/>
Loan Costs	83,686
	<hr/>
Sewer Capacity Reservation Agreement, net of accumulated amortization	1,347,391
	<hr/>
Capital Assets:	
Land	506,153
Buildings	343,002
Utility Systems	15,968,483
Equipment	1,224,015
Construction in Progress	7,628,794
	<hr/>
	25,670,447
Less Accumulated Depreciation	3,958,692
	<hr/>
Net Capital Assets	21,711,755
	<hr/>
Total Noncurrent Assets	24,817,793
	<hr/>
Total Assets	26,537,955
	<hr/>

TOWN OF LADY LAKE, FLORIDA
STATEMENT OF NET ASSETS (Continued)
PROPRIETARY FUND
SEPTEMBER 30, 2008

<u>LIABILITIES</u>	<u>UTILITY FUND</u>
CURRENT LIABILITIES:	
Accounts and Retainage Payable	\$ 213,521
Accrued Expenses	21,468
Compensated Absences	19,414
Due to Other Funds	2,158
Accrued Interest Payable	15,348
Customer Deposits	353,701
Loans Payable - Current	<u>657,267</u>
Total Current Liabilities	<u>1,282,877</u>
NONCURRENT LIABILITIES:	
Unearned Revenue	32,082
State Revolving Fund Loan	273,350
SunTrust Loan	<u>3,358,071</u>
Total Noncurrent Liabilities	<u>3,663,503</u>
Total Liabilities	<u>4,946,380</u>
 <u>NET ASSETS</u> 	
Invested in Capital Assets, net of related debt	18,689,898
Restricted for Capital Improvements	1,577,122
Restricted for Debt Service	61,755
Unrestricted	<u>1,262,800</u>
Total Net Assets	<u><u>\$21,591,575</u></u>

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

**TOWN OF LADY LAKE, FLORIDA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	UTILITY FUND
OPERATING REVENUES:	
Water Sales	\$ 875,490
Sewer Revenue	336,818
Connection Fees	168,958
Garbage Revenue	338,233
Late Fees and Other Revenue	39,515
Total Operating Revenues	1,759,014
OPERATING EXPENSES:	
Personal Services	540,651
Garbage Contract Services	305,372
Depreciation and Amortization	647,126
Other Operating Expenses	507,383
Total Operating Expenses	2,000,532
Net Operating Loss	(241,518)
NONOPERATING REVENUES (EXPENSES):	
Interest Revenue	119,661
Decrease in Fair Value of Investments	(65,619)
Debt Issuance Costs	(19,048)
Total Nonoperating Revenues (Expenses)	34,994
Loss Before Contributions and Transfers	(206,524)
CAPITAL CONTRIBUTIONS:	
Water and Sewer Impact Fees	827,540
Developers	514,818
TRANSFERS IN	730,163
TRANSFERS OUT	(29,000)
Change in Net Assets	1,836,997
Total Net Assets, Beginning of Year	19,754,578
Total Net Assets, End of Year	\$21,591,575

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

**TOWN OF LADY LAKE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>UTILITY FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 1,647,361
Cash Payments to Employees for Services	(527,938)
Cash Payments to Suppliers for Goods and Services	<u>(762,221)</u>
Net Cash Provided by Operating Activities	<u>357,202</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfer to General Fund	<u>(29,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
St. Johns River WMD Grant	360,000
Transfer from Sales Tax Revenue Fund	730,163
Capital Contributions	885,240
Interest Paid on Capital Debt	(182,042)
Principal Repayments on Capital Debt	(631,815)
Acquisition and Construction of Capital Assets	<u>(3,779,812)</u>
Net Cash Used In Capital and Related Financing Activities	<u>(2,618,266)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of Investments	(299,300)
Interest Received	<u>119,661</u>
Net Cash Used in Investing Activities	<u>(179,639)</u>
NET DECREASE IN CASH	(2,469,703)
Cash at Beginning of Year	<u>5,300,987</u>
Cash at End of Year	<u><u>\$ 2,831,284</u></u>

Continued on next page

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

TOWN OF LADY LAKE, FLORIDA
STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>UTILITY FUND</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Loss	<u>\$ (241,518)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and Amortization	647,126
Increase in Customer Receivables	(21,014)
Increase in Due from Other Funds	(22,736)
Decrease in Inventory	2,484
Decrease in Prepaid Items	44,036
Increase in Accounts Payable	26,472
Increase in Due to Other Funds	278
Increase in Accrued Expenses	8,003
Increase in Compensated Absences	4,710
Increase in Customer Deposits	98,077
Decrease in Unearned Revenue	<u>(188,716)</u>
 Total Adjustments	 <u>598,720</u>
 Net Cash Provided by Operating Activities	 <u><u>\$ 357,202</u></u>
 NONCASH CAPITAL ACTIVITIES:	
Utility system construction on account	\$ (212,234)
Developer utility system contributions	457,118

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

TOWN OF LADY LAKE, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2008

<u>ASSETS</u>	<u>PENSION TRUST FUNDS</u>
Investments with Trustees:	
Cash Management Funds	\$ 581,817
Corporate Equities	1,898,038
Corporate Bonds	446,010
U S Government Securities	167,481
Due from General Fund	101,463
	<u>3,194,809</u>
Total Assets	<u>3,194,809</u>
<u>LIABILITIES</u>	
Accounts Payable	<u>6,482</u>
<u>NET ASSETS</u>	
Held in Trust for Officers' Contributions	310,585
Held in Trust for Town's Contributions	930,887
Held in Trust for Pension Benefits	1,946,855
	<u>1,946,855</u>
Total Net Assets	<u>\$ 3,188,327</u>

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

TOWN OF LADY LAKE, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>PENSION TRUST FUNDS</u>
<u>ADDITIONS</u>	
Contributions:	
Town	\$ 266,079
Employees	73,987
State of Florida	<u>101,338</u>
Total Contributions	<u>441,404</u>
Investment Income:	
Net Depreciation in Fair Value of Investments	(677,334)
Dividend Income	73,287
Interest Income	<u>39,677</u>
Total Investment Income	(564,370)
Less Investment Expense	<u>(28,518)</u>
Net Investment Income	<u>(592,888)</u>
Total Additions	<u>(151,484)</u>
<u>DEDUCTIONS</u>	
Retirement Benefits	93,059
Refunds of Contributions	42,579
Administration Expense	<u>16,084</u>
Total Deductions	<u>151,722</u>
CHANGE IN NET ASSETS	(303,206)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:	
Beginning of Year	<u>3,491,533</u>
End of Year	<u><u>\$ 3,188,327</u></u>

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

**TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Lady Lake, Florida (the Town) was incorporated on May 25, 1925. The Town operates under the Commission/Manager form of government as authorized by its charter and provides the following services: police protection, building inspections and code enforcement, street maintenance, library, parks and recreation, other general governmental activities, and water, sewer and garbage utilities.

The financial statements of the Town of Lady Lake, Florida conform to generally accepted accounting principles (GAAP) as applicable to governmental entities. Effective October 1, 2003, the Town implemented Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. Significant accounting policies are described below:

A. The Reporting Entity

The Town of Lady Lake is a political subdivision of the State of Florida. It is governed by an elected board of five Town commissioners. These financial statements present all the fund types of the Town. There are no component units included within these financial statements, and there are no legally separate entities that could be included as component units of the Town.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Town. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct 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 instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

**TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Unbilled utility service receivables are estimated and recorded at year end.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they become both measurable and available. *Measurable* means the amount of the transaction can be determined, and *available* means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers revenues available if they are collected within 30 days of year end. Revenues that are susceptible to accrual in the governmental funds include property taxes, sales taxes, franchise fees, municipal utility taxes, and State and County shared revenues. Only the portion of special assessments 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 Town.

Expenditures are generally recorded when a related liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

The Town reports the following governmental funds:

General Fund - The General Fund (a major fund) is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Sales Tax Revenue Fund - This special revenue fund (a major fund) accounts for discretionary sales surtax revenues that are legally restricted for expenditure on infrastructure.

The Town reports the following proprietary fund:

Utility Fund - This enterprise fund (a major fund) is used to account for the activities of the Town's water, sewer and garbage utility operations.

The Town reports the following fiduciary funds:

Police Retirement Trust Fund - This pension trust fund accounts for the accumulation of resources for pension benefit payments to qualified Town police officers.

TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

General Employees' Retirement Trust Fund - This pension trust fund accounts for the accumulation of resources for retirement benefit payments to qualified Town employees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this rule are charges between the Town's water and sewer function and various other functions of government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 conjunction with a proprietary fund's principal ongoing operations. Principal operating revenues of the Town's Utility Fund are charges for providing water, sewer and garbage services. Operating expenses include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Cash and Investments

For purposes of the statements of cash flows, cash includes amounts in bank demand deposits, both interest-bearing and noninterest-bearing, bank money market investments, and funds on deposit with the State Board of Administration Local Government Surplus Funds Trust Fund investment pool bearing interest at 2.43% as of September 30, 2008. The State Board of Administration pool is an external 2a7-like investment pool. The fair value of the Town's deposits in the pool is the same as the value of the pool shares. Oversight of the State Board of Administration pool is provided by the Florida Auditor General.

Investments in the State Board of Administration Fund B Surplus Funds Trust Fund are accounted for as a fluctuating net asset value pool. At September 30, 2008, shares in the Fund B pool are stated net of a fair value factor of 0.798385.

TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Cash and Investments (continued)

Pension trust fund investments are reported at fair value, determined by the last reported sales price for securities traded on a national exchange. Investments of the Municipal Police Officer's Retirement Trust Fund may be held in bonds, stocks, or other evidence of indebtedness issued or guaranteed by a corporation under the laws of the United States provided the corporation meets certain rating and profitability criteria.

E. Receivables

Customer accounts receivable are shown net of an allowance for uncollectibles. Management's estimate for uncollectible accounts is based on review of balances over 120 days old.

F. Inventory and Prepaid Items

Inventory consists of water and sewer system supplies and is valued at cost (first-in, first-out). Prepaid items in the governmental funds are accounted for using the consumption method.

G. Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets (roads, sidewalks, drainage systems, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$500 and an estimated useful life of more than two years.

In the case of the initial capitalization of general infrastructure assets, the Town chose to include such items beginning October 1, 2003, the year of implementation of GASB Statement No. 34. As the Town constructs or acquires additional capital assets, including infrastructure assets, they are capitalized and reported at historical cost. Donated capital assets are recorded at their estimated fair value on the date donated.

Interest incurred during construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest of \$179,702 was capitalized during the year ended September 30, 2008.

Depreciation is provided using the straight-line method over the estimated useful lives of the various classes of depreciable assets as follows:

Buildings	25 to 30 Years
Improvements other than Buildings	10 to 30 Years
Water and Sewer Systems	10 to 30 Years
Infrastructure	30 Years
Equipment	5 to 10 Years

TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Amortization

The Sewer Capacity Reservation Agreement entered into April 2, 2003 is amortized over its 40-year term using the straight-line method. Additional purchases of reserved sewer capacity are amortized straight-line beginning with the acquisition date over the remaining term of the Agreement.

Costs incurred in obtaining the State Revolving Fund (SRF) loan are amortized straight line over the ten year life of the loan, starting January 15, 2003, which is when the loan agreement required semi-annual payment periods to begin. Costs incurred in obtaining the SunTrust loan are amortized over the ten year life of the loan starting October 18, 2004.

I. Compensated Absences

The Town accrues accumulated compensated absences (unpaid vacation and comp time benefits) when incurred in the government-wide and proprietary fund financial statements. All compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts are not reported in the governmental fund financial statements unless they have matured, for example, as a result of employee resignations or retirements. Personnel policies allow employees to accumulate a maximum of 36 days vacation leave. Upon termination, employees are paid for their unused vacation and comp time. Compensated absences for governmental activities are generally liquidated by the General Fund.

J. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Loan issuance costs are reported as deferred charges and amortized over the term of the related debt.

K. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

L. Transfers

Transfers are made from the Utility Fund to the General Fund for utility billing administrative costs. Transfers are made from the Sales Tax Revenue Fund to other funds in order to use infrastructure surtax revenues on qualified "infrastructure" expenditures.

**TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 2 BUDGETING

The following procedures are used in establishing budgetary data reflected in the financial statements:

- 1) Prior to September 30, the Budget Committee submits a proposed operating budget for the fiscal year beginning October 1. The budget includes proposed expenditures and the means of financing them.
- 2) Public hearings are held to obtain taxpayer comments. The budget is then enacted through passage of an ordinance no later than October 1.
- 3) Appropriations are authorized at the department level. These are the legal levels of budgetary control. Administrative control is maintained through the establishment of more detailed line-item budgets.
- 4) The Town Manager is authorized to transfer budgeted amounts between line items within any department; however, any revisions that alter the total expenditures of a department must be approved by the Town Commission through a resolution.
- 5) Formal budgetary integration is employed as a management control device during the year for governmental funds. Total budgeted appropriations within a governmental fund type may not be exceeded legally.
- 6) Annual budgets are adopted for all governmental fund types on a basis consistent with generally accepted accounting principles. The enterprise (Utility) fund budget is adopted on a basis other than generally accepted accounting principles. Budgets are not adopted for the pension trust funds.

Encumbrance accounting, under which purchase orders, contracts, and other commitments are recorded in order to reserve that portion of the applicable appropriation, is employed by the Town for budgetary purposes. Encumbrances outstanding at year end do not constitute expenditures or liabilities and are not reported as reserved fund balances. Appropriations lapse at year end.

NOTE 3 CASH DEPOSITS AND INVESTMENTS

Cash Deposits

At September 30, 2008, the carrying amount of the Town's cash deposits, including funds in bank money market investments, was \$4,499,622. The actual bank balances at September 30, 2008 totaled \$4,578,912, and were entirely insured by Federal depository insurance or by a State collateral insurance pool held by the Treasurer, State of Florida, in the Public Deposit Security Trust Fund.

**TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (continued)

Investments

The Town's investments at September 30, 2008 are categorized below.

	<u>Fair Value</u>
General Fund Investments:	
1-3 Year Mutual Bond Fund	1,737,328
Intermediate Mutual Bond Fund	2,402,686
Utility Fund Investments:	
State Board Fund B Pool	233,681
Pension Trust Fund Investments:	
Money Market Funds	581,817
Corporate Equities	1,898,038
Corporate Bonds	446,010
US Government Securities	<u>167,481</u>
	<u>\$7,467,041</u>

Credit Risk - Credit risk exists when there is a possibility the issuer to an investment may be unable to fulfill its obligations. The Town manages its credit risk by investing in bond funds with high ratings from nationally recognized statistical rating organizations. All of the Town's investments in mutual bond funds have a Fitch Rating of AAA/V2 or AAA/V3. The Fund B Pool is not rated by any nationally recognized statistical rating agency.

Interest Rate Risk - Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. The Town's mutual bond funds have weighted average maturities of 1.4 years (1-3 year bond fund) and 4.0 years (intermediate bond fund). The Fund B Pool has a weighted average life of 9.2 years. The Town's investment policy does not specifically address interest rate risk.

NOTE 4 RECEIVABLES

Accounts receivable at September 30, 2008 are as follows:

	<u>General Fund</u>	<u>Utility Fund</u>
Customer Accounts Receivable	\$ -	\$196,351
Franchise and Utility Taxes	232,443	-
Other Receivables	9,413	2,806
Less Allowance for Uncollectibles	<u>-</u>	<u>(16,504)</u>
Net Receivables	<u>\$241,856</u>	<u>\$182,653</u>

Special assessments receivable in the General Fund are stated net of an allowance for doubtful accounts of \$22,222. Bad debt expense in the Utility Fund for the year ended September 30, 2008 was \$4,836.

TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2008 was as follows:

	September 30, 2007	Additions	Transfers/ Disposals	September 30, 2008
Governmental Activities:				
Land (not being depreciated)	\$ 1,660,349	\$ -	\$ -	\$ 1,660,349
Construction in Progress	55,668	743,678	-	799,346
	<u>1,716,017</u>	<u>743,678</u>	<u>-</u>	<u>2,459,695</u>
Capital assets being depreciated:				
Buildings	5,690,327	139,308	(41,201)	5,788,434
Improvements	1,826,999	22,070	-	1,849,069
Equipment	3,825,911	245,725	(26,925)	4,044,711
Infrastructure	1,252,857	227,590	-	1,480,447
	<u>12,596,094</u>	<u>634,693</u>	<u>(68,126)</u>	<u>13,162,661</u>
Less accumulated depreciation for:				
Buildings	(1,350,093)	(198,519)	30,283	(1,518,329)
Improvements	(536,318)	(79,640)	-	(615,958)
Equipment	(2,496,597)	(365,580)	26,689	(2,835,488)
Infrastructure	(95,815)	(58,525)	-	(154,340)
	<u>(4,478,823)</u>	<u>(702,264)</u>	<u>56,972</u>	<u>(5,124,115)</u>
Total Being Depreciated, net	<u>8,117,271</u>	<u>(67,571)</u>	<u>(11,154)</u>	<u>8,038,546</u>
Governmental Activities Capital Assets, net	<u>\$ 9,833,288</u>	<u>\$ 676,107</u>	<u>\$ (11,154)</u>	<u>\$ 10,498,241</u>
Business-Type Activities:				
Land (not being depreciated)	\$ 506,153	\$ -	\$ -	\$ 506,153
Construction in Progress	4,177,395	3,451,399	-	7,628,794
	<u>4,683,548</u>	<u>3,451,399</u>	<u>-</u>	<u>8,134,947</u>
Capital assets being depreciated:				
Buildings	343,002	-	-	343,002
Utility Systems	15,432,553	535,930	-	15,968,483
Equipment	1,028,268	217,069	(21,322)	1,224,015
	<u>16,803,823</u>	<u>752,999</u>	<u>(21,322)</u>	<u>17,535,500</u>
Less accumulated depreciation for:				
Buildings	(51,759)	(11,706)	-	(63,465)
Utility Systems	(2,667,885)	(499,054)	-	(3,166,939)
Equipment	(652,299)	(97,311)	21,322	(728,288)
	<u>(3,371,943)</u>	<u>(608,071)</u>	<u>21,322</u>	<u>(3,958,692)</u>
Total Being Depreciated, net	<u>13,431,880</u>	<u>144,928</u>	<u>-</u>	<u>13,576,808</u>
Business-Type Activities Capital Assets, net	<u>\$ 18,115,428</u>	<u>\$ 3,596,327</u>	<u>\$ -</u>	<u>\$ 21,711,755</u>

TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 5 CAPITAL ASSETS (continued)

Depreciation expense was charged to functions/programs of the Town as follows:

Governmental Activities:	
General Government	\$ 143,747
Public Safety	232,086
Growth Management	6,836
Public Works	162,788
Culture and Recreation	<u>156,807</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 702,264</u>
Business-type Activities:	
Water	\$ 277,396
Sewer	330,675
Garbage	<u>-</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 608,071</u>

NOTE 6 SEWER CAPACITY RESERVATION AGREEMENT

On November 29, 1993, the Town closed on the sale of the Town's wastewater treatment plant to the Village Center Community Development District (VCCDD). The assets sold consisted of approximately 20 acres of land, the sewage treatment facility, and all lift stations, transmission mains and other physical facilities located on the site. The Town did not sell the sewage collection system. The book value of the assets sold was \$1,864,749. Closing costs paid were \$6,211. The Town received \$1,044,454 in cash and a 30-year Sewer Plant Capacity Reservation and Bulk Treatment Agreement.

Effective April 2, 2003, the Town and the VCCDD entered into a new, 40-year Interlocal Agreement for sewer capacity reservation and bulk treatment. The capacity reservation is for 250,000 gallons of wastewater per day, with an initial price for treatment of \$3.02 per 1,000 gallons. A provision for annual price adjustments is included, based on mutual agreement or, if agreement cannot be reached, a set formula based on the consumer price index. The treatment price at September 30, 2008 was \$3.42 per 1,000 gallons. The agreement also grants the Town the option, during the first 10 years of the agreement, to purchase up to an additional 250,000 gallons per day of treatment capacity in not less than 50,000 gallon per day increments, and includes a formula for computing the option price based on the amount of capacity purchased.

On February 12, 2004, the Town purchased an additional 50,000 gallons per day capacity reservation for \$267,500. On June 3, 2004, the Town purchased an additional 100,000 gallons per day capacity reservation for \$535,000. The cost of these capacity reservations is being amortized straight-line over the remaining term of the Agreement.

**TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 6 SEWER CAPACITY RESERVATION AGREEMENT (continued)

The original Sewer Capacity Reservation Agreement has been recorded in the Utility Fund at its historical cost of \$826,506. The net book value on April 2, 2003 was \$737,635. At September 30, 2008, the total cost of sewer capacity reservations, which includes the 2004 purchases, was \$1,629,006. Amortization for the year ended September 30, 2008 totaled \$39,055. Accumulated amortization at September 30, 2008 was \$281,615, and the net book value was \$1,347,391.

NOTE 7 LONG-TERM DEBT

Capital Lease

On December 28, 2006, the Town recorded the purchase of 13 Chevrolet Impala police vehicles under a 4 year lease agreement with GMAC. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments of \$273,065. The Town made the first annual lease payment of \$74,494 upon signing the lease and accepting delivery of the vehicles. The Town may purchase the vehicles at the end of the lease term for \$1 per vehicle.

The future minimum lease obligations and the net present value of the minimum lease payments as of September 30, 2008 were as follows.

<u>Year Ending</u>	
September 30, 2009	\$ 74,494
September 30, 2010	<u>74,493</u>
Total minimum lease payments	148,987
Less amount representing interest	<u>(12,698)</u>
Present value of minimum lease payments	<u>\$136,289</u>

State Revolving Fund Loan

On July 20, 2000, the Town entered into a loan agreement with the State of Florida Department of Environmental Protection under the Clean Water State Revolving Fund loan program. The purpose of the loan was to provide funding for planning and engineering the expansion of the Town's water and sewer utility systems. The gross revenues of the Town's water and sewer systems are pledged for repayment of the loan. Upon execution of the agreement, a \$12,623 loan servicing fee was charged to the loan. The total loan made available to the Town was \$700,376.

**TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 7 LONG-TERM DEBT (continued)

State Revolving Fund Loan (continued)

All disbursements have been received by the Town, and semi-annual loan payments of \$41,847 are due each January 15 and July 15 until paid in full. Interest accrues on the outstanding loan balance at a rate of 3.52% per year. For the year ended September 30, 2008, interest totaling \$14,007 was paid on the loan.

Covenants of the loan require creation of separate accounts. A "loan debt service account" accumulates the upcoming semi-annual payment. The Town has fully funded this account. A "loan reserve account" originally funded with \$18,934 is restricted for payment of principal and interest on the loan whenever the other monies in the loan debt service account shall ever be insufficient for such purpose. Interest earnings on the loan reserve account accumulates in the account. The balances of these accounts at September 30, 2008 were as follows:

Loan Debt Service Account	\$41,847
Loan Reserve Account	<u>22,474</u>
 Total	 <u>\$64,321</u>

Principal and interest on semi-annual loan payments are due as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Payment</u>
1/15/09	\$ 35,766	\$ 6,081	\$ 41,847
7/15/09	36,396	5,451	41,847
1/15/10	37,036	4,811	41,847
7/15/10	37,688	4,159	41,847
1/15/11	38,352	3,495	41,847
7/15/11	39,026	2,821	41,847
1/15/12	39,713	2,134	41,847
7/15/12	40,412	1,435	41,847
1/15/13	<u>41,123</u>	<u>724</u>	<u>41,847</u>
	<u>\$345,512</u>	<u>\$ 31,111</u>	<u>\$376,623</u>

SunTrust Loan

On October 18, 2004, the Town issued a \$6,000,000 note payable to SunTrust Bank known as the "Town of Lady Lake, Florida Revenue Note, Series 2004", for the purpose of funding the construction of a 250,000 gallons per day wastewater treatment plant, and other water and sewer infrastructure improvements. The note is secured by and payable from the Town's one-cent infrastructure sales surtax revenues.

TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 7 LONG-TERM DEBT (continued)

SunTrust Loan (continued)

Monthly payments of principal and interest (at 3.89%) of approximately \$60,800 began December 1, 2004. Interest paid during the year ended September 30, 2008 totaled \$168,035. The schedule of remaining annual debt service requirements for the note are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Payment</u>
9/30/09	\$ 585,105	\$144,990	\$ 730,095
9/30/10	608,636	121,489	730,125
9/30/11	633,083	97,044	730,127
9/30/12	658,317	71,821	730,138
9/30/13	684,932	45,178	730,110
Thereafter	<u>773,103</u>	<u>17,866</u>	<u>790,969</u>
	<u>\$3,943,176</u>	<u>\$ 498,388</u>	<u>\$4,441,564</u>

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2008 was as follows:

	<u>Balances</u> <u>10/01/07</u>	<u>Additions</u>	<u>Principal</u> <u>Reductions</u>	<u>Balances</u> <u>9/30/08</u>	<u>Due within</u> <u>one year</u>
Governmental Activities:					
Capital Lease	\$ 198,571	\$ -	\$ (62,282)	\$ 136,289	\$ 66,112
Compensated Absences	<u>249,219</u>	<u>187,927</u>	<u>(184,045)</u>	<u>253,101</u>	<u>181,076</u>
Governmental Activity Long-term Liabilities	<u>\$447,790</u>	<u>\$187,927</u>	<u>\$(246,327)</u>	<u>\$389,390</u>	<u>\$247,188</u>
Business-type Activities:					
State Revolving Fund Loan	\$ 415,199	\$ -	\$ (69,687)	\$ 345,512	\$ 72,162
SunTrust Loan	4,505,304	-	(562,128)	3,943,176	585,105
Compensated Absences	<u>14,704</u>	<u>15,253</u>	<u>(10,543)</u>	<u>19,414</u>	<u>19,414</u>
Business-type Activity Long-term Liabilities	<u>\$4,935,207</u>	<u>\$ 15,253</u>	<u>\$(642,358)</u>	<u>\$4,308,102</u>	<u>\$676,681</u>

**TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 8 OTHER DISCLOSURES

- (1) The following fund had excess of expenditures over appropriations at the fund level for the year ended September 30, 2008:

Utility Fund	\$(701,384)
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- (2) Individual fund interfund receivable and payable balances at September 30, 2008:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 2,158	\$124,199
Utility Fund	22,736	2,158
Police Retirement Trust Fund	101,463	-

The outstanding balances between funds results from recording the accrual of unbilled utility tax receivable by the Utility Fund, and accrual of tropical storm expenses paid by the Utility Fund that were charged to general government in the General Fund. A receivable in the Police Retirement Trust Fund from the General Fund was recorded for excise tax payments that were administratively delayed by the State of Florida.

- (3) There were no deficit fund balances of individual funds at September 30, 2008.
- (4) Reserved fund balances at September 30, 2008:

General Fund

Reserved for Prepays	\$ 131,024
Reserved for Building Inspections	152,649
Reserved for Police Training and Equipment	49,306
Reserved for Police Officers' Trust	2,939
Reserved for Education	<u>1,584,846</u>

Total General Fund	<u>\$1,920,764</u>
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Sales Tax Revenue Fund

Reserved for Infrastructure	<u>\$ 511,694</u>
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Pension Trust Funds

Reserved for Retirement Systems	<u>\$3,188,327</u>
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Fund balances reserved for infrastructure represent unspent discretionary sales surtax amounts that are required by Florida Statute to be spent on "infrastructure". Infrastructure is defined as public facilities with a useful life of at least five years. The Statute permits these funds to be spent on debt related to the construction or acquisition of infrastructure, and also permits the purchase of certain emergency vehicles.

**TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 9 BUDGETARY BASIS OF ACCOUNTING

The Town Commission adopts annual budgets for each of the Town's funds, except for the pension trust funds. The budget for the Utility Fund is adopted on an accounting basis other than in accordance with generally accepted accounting principles (GAAP). Adjustments necessary to convert the results of operations for the year ended September 30, 2008 from the GAAP basis to the budget basis are as follows:

<u>Utility Fund</u>	
Change in Net Assets, GAAP Basis	\$ 1,836,997
Decrease due to debt principal paid	(631,815)
Decrease due to equipment purchases	(217,069)
Decrease due to utility system construction	<u>(3,807,626)</u>
Deficiency of Revenues Under Expenses, Budget Basis	<u>\$(2,819,513)</u>

NOTE 10 RETIREMENT COMMITMENTS

LADY LAKE POLICE OFFICERS' RETIREMENT TRUST FUND

Plan Description and Provisions The Lady Lake Police Officers' Retirement Trust Fund was established August 20, 1990 to conform to provisions of the Florida Statutes (Chapter 185) of the State of Florida for all sworn Police Officers. On November 18, 2002, the Plan was amended and restated, by Town ordinance, to establish it as a "local law" plan. A five-member Board of Trustees is responsible for recommending pension plan provisions consistent with the local law ordinance. The Town Commission must authorize plan amendments to benefit provisions or the obligation to make contributions. This plan is a single-employer, defined benefit pension plan, and is administered by the Town. There is no separately issued report on the plan. Administrative costs are generally paid by the plan.

Officers attaining the age of 55 who have completed 10 or more years of creditable service, or who have completed 25 years of creditable service regardless of age, are entitled to monthly benefits of 3.3 percent of their average final compensation times years of credited service. In addition, the plan pays a \$200 per month supplemental benefit under normal retirement. The plan permits early retirement at the completion of 10 years of contributing service and attaining the age of 50. Active Officers who retire disabled with disability that occurs in the line of duty and have 10 years of credited service shall receive the greater of 42 percent of average final compensation or the accrued benefit actuarially reduced.

Disability benefits are paid for ten years certain or life or until recovery from disability. If an active Officer dies before retirement eligibility, his or her beneficiary receives a refund of the Police Officer's contributions to the plan. If the officer dies prior to retirement but has at least 10 years of contributing service, his beneficiary is entitled to either early or normal retirement benefits.

**TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 10 RETIREMENT COMMITMENTS (continued)

If an Officer terminates his or her employment with the police department and is not eligible for any other benefits under the plan, the Officer is entitled to the following:

- with less than 10 years of contributing service, a refund of the Officer's contribution, without interest.
- with 10 or more years of continuous service, the pension accrued to the date of termination, payable commencing at his or her 50th birth date.

As of September 30, 2008, one Officer had retired that was receiving benefits, one was receiving benefits under disability, and one terminated Officer was entitled to benefits but was not yet receiving them. Out of the 28 Officers in the plan at September 30, 2008, four had vested retirement benefits. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Contributions Required Police Officers are required to contribute five percent of their annual salary to the plan. The plan is also funded by a .85% State excise tax on all casualty insurance policies covering property within the corporate limits of the Town. For the year ended September 30, 2008, the Town was scheduled to collect \$101,338 in casualty insurance premium taxes. The Town is required by State Statute to contribute these taxes to the plan within 5 days of receipt. The contribution is reported as a police department expenditure in the General Fund. The Town is required to contribute the remaining amount necessary for payment of normal (current year's) cost and amortization of the unfunded accrued liability over 30 years. The Town may use actual State monies received, up to \$97,907 per year, to offset the Town's funding requirement. Amounts over \$97,907 must be used to provide additional benefits to Police Officers.

The Municipal Police Officers' Retirement Trust Fund uses the entry age normal actuarial cost funding method. Under this method, which identifies and separately amortizes unfunded actuarial liabilities, the present value of benefits, less all assets, are equated to the present value of future employer contributions, and of future employee contributions, if any. The required contribution is then expressed as a percentage of current payroll. The actuarially determined funding requirement for the year ended September 30, 2008 was 12.1% of covered payroll.

Additional information as of the latest actuarial valuation (10/01/08) follows.

Actuarial cost method: Entry Age Normal
Amortization method: Level Percent of Pay, Closed
Remaining amortization period: 27 years
Asset valuation method: 4 Year Smoothed Market

Actuarial Assumptions:

Investment Rate of Return: 8%
Projected Salary Increase: 6% (includes inflation at 3%)
Post Retirement COLA: 0%

**TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 10 RETIREMENT COMMITMENTS (continued)

Three-Year Trend Information

<u>Year Ending</u>	<u>Annual Pension Cost (A)</u>	<u>Percentage of (A) Contributed</u>	<u>Net Pension Obligation</u>
9/30/08	\$136,442	103%	\$(146,084)
9/30/07	105,408	117%	(141,650)
9/30/06	130,787	99%	(123,443)

Development of Net Pension Obligation (NPO)

The Town of Lady Lake Municipal Police Officers' Retirement Trust Fund has been subject to the minimum funding standards since the adoption of the "Florida Protection of Public Employee Retirement Benefits Act" (Part VII of Chapter 112, Florida Statutes) in 1980. Accordingly, the sponsor has funded the actuarially determined required contributions for all years from August 20, 1990, through the transition date, October 1, 1997. Thus, the NPO on October 1, 1997 is \$0.

The recent development of the Net Pension Obligation is as follows:

	<u>9/30/05</u>	<u>9/30/06</u>	<u>9/30/07</u>	<u>9/30/08</u>
Actuarially Determined Contribution	\$ 129,416	\$109,272	\$140,876	
Interest on NPO	(9,985)	(9,875)	(11,332)	
Adjustment to Actuarially Determined Contribution	<u>11,356</u>	<u>6,011</u>	<u>6,898</u>	
Annual Pension Cost	130,787	105,408	136,442	
Contributions Made	<u>129,416</u>	<u>123,615</u>	<u>140,876</u>	
Increase in NPO	1,371	(18,207)	(4,434)	
NPO, beginning of year	<u>(124,814)</u>	<u>(123,443)</u>	<u>(141,650)</u>	
NPO, end of year	<u><u>\$(124,814)</u></u>	<u><u>\$(123,443)</u></u>	<u><u>\$(141,650)</u></u>	<u><u>\$(146,084)</u></u>

GENERAL EMPLOYEES RETIREMENT TRUST FUND

Effective October 8, 2001, the Town established, by resolution, a new money purchase plan and trust in the form of the International City Managers Association (ICMA) Retirement Corporation 401-a Governmental Money Purchase Plan and Trust. The plan is a single-employer, defined contribution pension plan administered by the ICMA Retirement Corporation. The Town Commission must authorize plan amendments to benefit provisions or the obligation to make contributions. This new plan replaced the multiple-employer,

**TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 10 RETIREMENT COMMITMENTS (continued)

defined contribution pension plan that had been in place since December 28, 1992 when the Town created the General Employees Retirement Trust Fund. On December 26, 2001, active plan assets totaling \$120,055 from the old plan were transferred into this new plan.

All full-time employees at least 18 years of age, except sworn police officers and certain senior Town executives, are eligible to participate in the retirement plan. Participants become vested in their account balance in the plan based on the following vesting schedule:

<u>Years of Service Completed</u>	<u>Percent Vested</u>
1	50%
2	75%
3	100%

The Town will contribute 6% to 8% of a participant's earnings, including overtime, into the plan, depending on the participant's years of service as follows:

up to 10 years of service	6%
over 10 to 15 years of service	7%
over 15 years of service	8%

There are no mandatory employee contributions in order to participate in the plan, but after tax employee contributions are permitted. Contributions and related investment earnings are credited to individual self-directed investment accounts. During the year ended September 30, 2008, the Town contributed \$125,078 into the plan.

Participants separating from service with the Town before the three year vesting period is complete forfeit a portion of their account balance in the plan. The Town may use forfeited amounts to reduce the Town's required payment of contributions for current plan participants. Normal retirement is when the participant attains his or her 65th birthday. Distributions of the account balances of vested plan participants that separate from service are subject to the Internal Revenue Code rules for distributions from qualified plans.

FINANCIAL STATEMENTS FOR INDIVIDUAL PENSION FUNDS

Individual financial statements for the Lady Lake Police Officers' Retirement Trust Fund and the General Employees Retirement Trust Fund are presented in summary form on the following page.

TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 10 RETIREMENT COMMITMENTS (continued)

	Police Retirement Trust Fund	Employees Retirement Trust Fund	Total
STATEMENT OF FIDUCIARY NET ASSETS AS OF SEPTEMBER 30, 2008			
<u>Assets</u>			
Investments with Trustees:			
Cash Management Funds	\$ 425,823	\$ 155,994	\$ 581,817
Corporate Equities	1,495,535	402,503	1,898,038
Corporate Bonds	439,779	6,231	446,010
U S Government Securities	167,481	-	167,481
Due from General Fund	101,463	-	101,463
<u>Liabilities</u>			
Accounts Payable	(6,482)	-	(6,482)
<u>Net Assets</u>			
Held in Trust for Pension Benefits	\$ 2,623,599	\$ 564,728	\$ 3,188,327

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

<u>Additions</u>			
Contributions			
Town	\$ 141,001	\$ 125,078	\$ 266,079
Employees	73,987	-	73,987
State of Florida	101,338	-	101,338
Total Contributions	316,326	125,078	441,404
Investment Income:			
Net Depreciation in Fair Value of Investments	(583,282)	(94,052)	(677,334)
Dividend and Interest Income	112,964	-	112,964
Investment Expense	(28,518)	-	(28,518)
Net Investment Income	(498,836)	(94,052)	(592,888)
Total Additions	(182,510)	31,026	(151,484)
<u>Deductions</u>			
Retirement Benefits	29,740	63,319	93,059
Refunds of Contributions	42,579	-	42,579
Administrative Expense	16,084	-	16,084
Total Deductions	88,403	63,319	151,722
Change in Net Assets	(270,913)	(32,293)	(303,206)
<u>Net Assets</u>			
Beginning of Year	2,894,512	597,021	3,491,533
End of Year	\$ 2,623,599	\$ 564,728	\$ 3,188,327

**TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 11 DEFINED CONTRIBUTION PENSION PLAN

The Town adopted a defined contribution pension plan effective June 30, 1999. The plan is a single-employer, money purchase plan administered for the Town by the ICMA Retirement Corporation, and is designed in accordance with Internal Revenue Code section 401. Employees eligible for participation in the plan are certain senior Town executives, and as of September 30, 2008 there were seven employees participating in the plan. The Town is required to contribute 7% of the participant's earnings to the plan for employees with up to 5 years of service, and 8% for employees with over 5 years service. The Town contributes 18.33% for the Town Manager under a contractual arrangement. Contributions and related investment earnings are credited to individual self-directed investment accounts, and the employee immediately becomes 100% vested in the account balances. During the year ended September 30, 2008, Town contributions to the plan totaled \$58,358.

NOTE 12 PROPERTY TAXES

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board 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 state wide. Florida Statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The millage rate assessed by the Town for taxes collected during the fiscal year ended September 30, 2008 was 2.20. The millage rate assessed by the Town on taxable property to be levied on November 1, 2008 was 3.087.

All property is reassessed according to its fair market value on January 1 of each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of Florida Statutes.

The current year taxes for the fiscal year, beginning October 1, are billed in the month of November and are due no later than March 31. On April 1, all unpaid amounts become delinquent and are subject to interest and penalties. Discounts are allowed for early payment as follows:

November	4%
December	3%
January	2%
February	1%
March	0%

The Town's tax calendar is as follows:

Valuation Date:	January 1
Levy Date:	November 1
Due Date:	March 31, succeeding year
Lien Date	April 1, succeeding year

**TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 12 PROPERTY TAXES (continued)

Delinquent taxes on real property bear interest of 18% per year. On or prior to June 1 of the following tax year, certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear 18% interest per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years.

Delinquent taxes on personal property bear interest of 18% per year until the tax is satisfied either by seizure and sale of the property, or by the five-year statute of limitations.

NOTE 13 INSURANCE COVERAGE

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Town manages its various risks of loss by the purchase of commercial insurance coverages primarily through Public Risk Management of Florida, or with commercial carriers packaged by Public Risk Management. During the year ended September 30, 2008, there were no significant reductions in coverages from the prior year.

Insurance claim settlements have not exceeded coverages on any policies during the past three fiscal years.

NOTE 14 ENGINEERING AND CONSTRUCTION COMMITMENTS

As of September 30, 2008, the Town had uncompleted engineering contracts with the Town's engineers, Neel-Schaffer, Inc., totaling \$24,388.

Construction of the wastewater expansion and reuse addition to the Town's sewer plant was in progress at year end. The Town's \$6,593,224 construction contract with Brandes Design-Build, Inc. had \$142,202 uncompleted at September 30, 2008.

The Town has an architectural design contract with James P. Senatore for the new library building for \$600,000. Through September 30, 2008, Senatore had billed \$380,000 for these services.

The \$407,758 construction contract with Wagner 3 Ventures, Inc. for the Town's new parks and recreation building had \$50,202 uncompleted at September 30, 2008.

NOTE 15 COMMUNICATIONS SERVICES TAX LIABILITY

On November 3, 2008, the Town was notified by the State of Florida that it had completed audits of some communications services providers, and that the Town had been overpaid communications services taxes in the amount of \$148,342 during the previous 3 years. This liability will be repaid to the State through reductions in monthly tax distributions over 36 months beginning March 2009.

TOWN OF LADY LAKE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

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

Six-year trend information may be found on the following pages.

**TOWN OF LADY LAKE, FLORIDA
POLICE RETIREMENT TRUST FUND
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2008**

SCHEDULE OF FUNDING PROGRESS
(All available years)

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 Percentage of Covered Payroll ((b-a) / c)
10/1/08	\$ 3,131,965	\$ 3,016,769	\$ (115,196)	104%	\$ 1,407,115	-8%
10/1/07	2,713,559	2,635,150	(78,409)	103%	1,364,739	-6%
10/1/06	2,265,572	2,271,097	5,525	100%	1,085,128	1%
10/1/05	1,875,603	2,173,521	297,918	86%	950,747	31%
10/1/04	1,535,371	1,885,202	349,831	81%	989,667	35%
10/1/03	1,311,264	1,311,264	-	100%	892,469	0%
10/1/02	1,126,062	1,126,062	-	100%	682,192	0%
10/1/01	1,001,409	1,001,409	-	100%	702,850	0%
10/1/99	644,144	644,144	-	100%	464,839	0%
10/1/97	458,926	458,926	-	100%	450,604	0%
10/1/95	271,292	271,292	-	100%	334,190	0%
10/1/92	89,248	89,248	-	100%	283,334	0%

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER AND OTHERS

Year Ended September 30	Annual Required Contribution	Town (Employer) Contribution	State Contribution	Percentage Contributed
2008	\$ 238,783	\$ 140,876	\$ 97,907 *	100%
2007	207,179	123,615	97,907 *	107%
2006	195,217	129,416	65,801 *	100%
2005	198,874	133,073	65,801 *	100%
2004	140,161	85,373	65,801 *	108%
2003	128,198	66,409	83,511	117%

* "Frozen", per Chapter 185, *Florida Statutes*, as amended.

The information presented in the above required supplementary schedules was determined as part of the actuarial valuations at the dates indicated.

TOWN OF LADY LAKE, FLORIDA
INDIVIDUAL FUND FINANCIAL STATEMENTS

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TOWN OF LADY LAKE, FLORIDA

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

**TOWN OF LADY LAKE, FLORIDA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2008 AND 2007**

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
Cash and Equivalents	\$ 1,228,608	\$ 2,902,486
Investments	4,140,014	4,020,157
Accounts Receivable:		
Franchise and Utility Taxes	232,443	152,057
Other	9,413	9,799
Due from Utility Fund	2,158	1,880
Special Paving Assessments Receivable	13,317	8,065
Due from Other Governments:		
Federal	24,552	15,102
State of Florida	236,775	134,868
Lake County	21,901	25,162
Prepaid Expenditures	131,024	198,658
	<u>\$ 6,040,205</u>	<u>\$ 7,468,234</u>
<u>LIABILITIES AND FUND BALANCE</u>		
LIABILITIES:		
Accounts Payable	\$ 285,713	\$ 159,100
Accrued Payroll and Related Liabilities	203,493	154,488
Due to Utility Fund	22,736	-
Due to Police Retirement Fund	101,463	-
Due to Other Governments:		
State of Florida	577	2,174
Lake County	-	325,817
Unearned and Deferred Revenue:		
Federal and State Grants	28,645	28,755
Excise Taxes	101,338	-
Business Taxes	36,624	40,097
Special Paving Assessments	13,317	8,065
	<u>793,906</u>	<u>718,496</u>
FUND BALANCE:		
Reserved for Prepaid Expenditures	131,024	198,658
Reserved for Police Training/Equipment	49,306	33,754
Reserved for Tornado Relief	-	11,891
Reserved for Police Trust Account	2,939	44,530
Reserved for Building Inspections	152,649	237,603
Reserved for Education	1,584,846	1,391,646
Unreserved:		
Undesignated	3,325,535	4,831,656
	<u>5,246,299</u>	<u>6,749,738</u>
Total Fund Balance	<u>5,246,299</u>	<u>6,749,738</u>
Total Liabilities and Fund Balance	<u>\$ 6,040,205</u>	<u>\$ 7,468,234</u>

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

TOWN OF LADY LAKE, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2008

With comparative actual amounts for the year ended September 30, 2007

	2008		VARIANCE WITH FINAL BUDGET	2007 ACTUAL
	FINAL BUDGET	ACTUAL		
REVENUES:				
Taxes	\$ 4,932,223	\$ 4,905,924	\$ (26,299)	\$ 4,705,352
Licenses and Permits	765,820	772,972	7,152	1,088,610
Intergovernmental	1,486,656	1,482,333	(4,323)	2,926,694
Charges for Services	158,300	158,561	261	150,950
Fines and Forfeitures	109,545	118,481	8,936	107,193
Miscellaneous	1,250,224	1,222,545	(27,679)	2,523,004
Total Revenues	8,702,768	8,660,816	(41,952)	11,501,803
EXPENDITURES:				
Current:				
General Government	2,171,014	1,976,628	194,386	3,121,174
Public Safety	4,661,567	4,560,641	100,926	4,706,147
Growth Management	449,521	437,204	12,317	487,836
Public Works	1,376,383	1,356,600	19,783	1,122,347
Culture and Recreation	927,607	905,622	21,985	942,050
Capital Outlay	980,697	882,986	97,711	55,668
Debt Service	74,494	74,494	-	74,494
Total Expenditures	10,641,283	10,194,175	447,108	10,509,716
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,938,515)	(1,533,359)	405,156	992,087
OTHER FINANCING SOURCES:				
Capital Lease	-	-	-	273,065
Transfer from Utility Fund	76,643	29,000	(47,643)	30,500
Sale of Capital Assets	750	920	170	806
Total Other Financing Sources	77,393	29,920	(47,473)	304,371
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(1,861,122)	(1,503,439)	357,683	1,296,458
Fund Balance, Beginning of Year	6,749,738	6,749,738	-	5,453,280
Fund Balance, End of Year	<u>\$ 4,888,616</u>	<u>\$ 5,246,299</u>	<u>\$ 357,683</u>	<u>\$ 6,749,738</u>

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

TOWN OF LADY LAKE, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO BUDGET
FOR THE YEAR ENDED SEPTEMBER 30, 2008

With comparative actual amounts for the year ended September 30, 2007

	2008		VARIANCE WITH FINAL BUDGET	2007 ACTUAL
	FINAL BUDGET	ACTUAL		
TAXES:				
Ad Valorem Taxes	\$ 1,997,072	\$ 1,998,784	\$ 1,712	\$ 1,802,719
Local Option Gas Tax	139,151	138,315	(836)	139,964
Casualty Insurance Premium Tax	100,000	-	(100,000)	101,744
Franchise Fees:				
Electric	915,000	958,601	43,601	938,773
Gas	23,000	22,351	(649)	17,781
Garbage	150,000	155,289	5,289	145,520
Utility Taxes:				
Electric	650,000	677,439	27,439	649,449
Water	139,000	139,081	81	140,797
Gas	9,000	6,862	(2,138)	8,152
Communications Services Tax	810,000	809,202	(798)	760,453
Total Taxes	4,932,223	4,905,924	(26,299)	4,705,352
LICENSES AND PERMITS:				
Business Tax	50,600	50,880	280	49,353
Building Permits and Inspections	396,000	399,302	3,302	533,077
Building Plan Review Fees	122,500	122,855	355	295,927
Site Plan Review Fees	108,500	110,509	2,009	111,650
Comp Plan Amendment Fees	18,000	17,900	(100)	25,400
Annexation/Subdivision Fees	20,850	20,850	-	22,250
Zoning/Vacating Fees	36,000	36,750	750	38,000
Other Licenses & Permits	13,370	13,926	556	12,953
Total Licenses and Permits	765,820	772,972	7,152	1,088,610
INTERGOVERNMENTAL:				
Federal Law Enforcement Grant	4,219	4,219	-	3,317
Federal VOCA Grant	-	-	-	43,026
Federal CDBG Grant	90,900	90,900	-	90,900
Federal Tornado Grant	55,195	55,195	-	1,092,716
State Tornado Grant	8,969	8,969	-	176,447
County Law Enforcement Grant	29,275	29,274	(1)	2,697
County Recreation Grants	8,278	8,278	-	99,462
County Recycling & Education Grant	-	41	41	423
State Revenue Sharing	343,402	343,402	-	405,419
Mobile Home Licenses	34,000	34,103	103	33,954
Alcohol Beverage Licenses	10,000	10,026	26	9,340
1/2 Cent Sales Tax	656,566	652,693	(3,873)	725,140
State Transportation Revenue	37,627	37,627	-	76,309
County Library Agreement	169,545	169,545	-	131,500
County Business Tax	20,680	20,681	1	16,359
County Gas Tax	18,000	17,380	(620)	19,685
Total Intergovernmental	1,486,656	1,482,333	(4,323)	2,926,694

TOWN OF LADY LAKE, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO BUDGET (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2008
With comparative actual amounts for the year ended September 30, 2007

	2008		VARIANCE WITH FINAL BUDGET	2007 ACTUAL
	FINAL BUDGET	ACTUAL		
CHARGES FOR SERVICES:				
Villages - Public Safety	\$ 100,000	\$ 100,000	\$ -	\$ 100,000
Police Services	45,000	45,784	784	37,488
Copies and Certifications	1,000	935	(65)	567
Town License Plates	-	10	10	34
Recreation Program Fees	3,700	3,040	(660)	4,020
Library Fees	8,600	8,792	192	8,841
Total Charges for Services	158,300	158,561	261	150,950
FINES AND FORFEITURES:				
Court Fines	53,000	56,161	3,161	62,465
Forfeitures	10,145	14,345	4,200	10,050
Animal Control Citations	700	810	110	45
Code Enforcement Fines	15,700	15,962	262	520
Police Education	5,000	5,132	132	5,742
Police Automation	20,000	20,822	822	23,217
Library Fines	5,000	5,249	249	5,154
Total Fines and Forfeitures	109,545	118,481	8,936	107,193
MISCELLANEOUS:				
Interest Earnings	90,174	88,426	(1,748)	136,498
Net Increase in Fair Value of Investments	150,000	119,857	(30,143)	210,755
Building/Park Rental Fees	11,600	12,082	482	12,280
Paving Assessments and Interest	52,900	52,919	19	52,376
Fire Assessments - Villages	599,270	599,191	(79)	472,096
Supplemental Education Fees	193,200	193,200	-	1,287,600
Contributions and Donations	39,480	42,170	2,690	238,898
Fuel Tax Refund	6,500	6,854	354	6,156
Insurance Claim Proceeds	8,100	8,619	519	8,262
Miscellaneous Revenues	99,000	99,227	227	98,083
Total Miscellaneous	1,250,224	1,222,545	(27,679)	2,523,004
Total Revenues	\$ 8,702,768	\$ 8,660,816	\$ (41,952)	\$ 11,501,803

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

TOWN OF LADY LAKE, FLORIDA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
FOR THE YEAR ENDED SEPTEMBER 30, 2008
With comparative actual amounts for the year ended September 30, 2007

	2008		VARIANCE WITH FINAL BUDGET	2007 ACTUAL
	FINAL BUDGET	ACTUAL		
GENERAL GOVERNMENT:				
Town Commission:				
Personal Services	\$ 38,106	\$ 38,064	\$ 42	\$ 33,418
Operating Expenses	11,507	11,268	239	12,880
Total Town Commission	49,613	49,332	281	46,298
Town Manager:				
Personal Services	221,885	221,579	306	198,090
Operating Expenses	14,280	13,672	608	15,894
Capital Outlay	1,859	1,859	-	-
Total Town Manager	238,024	237,110	914	213,984
Town Clerk:				
Personal Services	175,101	177,280	(2,179)	153,901
Operating Expenses	29,848	19,362	10,486	19,664
Election Expenses	3,000	3,580	(580)	73
Total Town Clerk	207,949	200,222	7,727	173,638
Finance Department:				
Personal Services	372,876	368,777	4,099	306,034
Operating Expenses	52,384	51,546	838	47,133
Capital Outlay	2,321	2,321	-	1,072
Total Finance Department	427,581	422,644	4,937	354,239
Human Resources/Risk Mgmt:				
Personal Services	186,654	189,363	(2,709)	153,570
Operating Expenses	23,600	22,716	884	25,324
Total Human Resources	210,254	212,079	(1,825)	178,894
Legal Counsel	192,050	195,950	(3,900)	109,570
Other General Government:				
Personal Services	27,000	27,000	-	25,000
Operating Expenses	322,835	317,651	5,184	328,420
Tornado/Storm Expenses	32,170	54,906	(22,736)	1,374,564
Education Expenses	193,200	-	193,200	12,954
Aid to Private Organizations	17,845	16,145	1,700	15,350
Tornado Relief (from donations)	11,900	11,900	-	84,340
Capital Outlay	10,374	10,374	-	16,297
Total Other General Government	615,324	437,976	177,348	1,856,925

TOWN OF LADY LAKE, FLORIDA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2008

With comparative actual amounts for the year ended September 30, 2007

	2008		VARIANCE WITH FINAL BUDGET	2007 ACTUAL
	FINAL BUDGET	ACTUAL		
GENERAL GOVERNMENT (continued):				
Facilities Maintenance:				
Personal Services	\$ 101,079	\$ 95,454	\$ 5,625	\$ 102,304
Operating Expenses	11,100	10,320	780	5,698
Capital Outlay	-	-	-	1,264
Total Facilities Maintenance	<u>112,179</u>	<u>105,774</u>	<u>6,405</u>	<u>109,266</u>
Motor Pool (Fleet Maintenance):				
Personal Services	97,021	95,462	1,559	56,821
Operating Expenses	18,019	17,087	932	13,293
Capital Outlay	3,000	2,992	8	8,246
Total Motor Pool	<u>118,040</u>	<u>115,541</u>	<u>2,499</u>	<u>78,360</u>
Total General Government	<u>2,171,014</u>	<u>1,976,628</u>	<u>194,386</u>	<u>3,121,174</u>
PUBLIC SAFETY:				
Police Department:				
Personal Services	2,789,589	2,716,873	72,716	2,474,671
Operating Expenses	543,490	519,987	23,503	510,361
Capital Outlay	103,954	102,102	1,852	610,285
Capital Outlay - Federal Grants	675	675	-	3,364
Debt Service	74,494	74,494	-	74,494
Total Police Department	<u>3,512,202</u>	<u>3,414,131</u>	<u>98,071</u>	<u>3,673,175</u>
Fire Control:				
Operating Expenses	<u>599,270</u>	<u>599,191</u>	<u>79</u>	<u>472,096</u>
Building Inspections:				
Personal Services	153,831	152,513	1,318	191,824
Operating Expenses	417,607	418,029	(422)	369,699
Capital Outlay	-	-	-	20,321
Total Building Inspections	<u>571,438</u>	<u>570,542</u>	<u>896</u>	<u>581,844</u>
Code Enforcement:				
Personal Services	34,991	34,638	353	35,083
Operating Expenses	18,160	16,633	1,527	17,371
Capital Outlay	-	-	-	1,072
Total Code Enforcement	<u>53,151</u>	<u>51,271</u>	<u>1,880</u>	<u>53,526</u>
Total Public Safety	<u>4,736,061</u>	<u>4,635,135</u>	<u>100,926</u>	<u>4,780,641</u>
GROWTH MANAGEMENT				
Personal Services	266,361	261,577	4,784	206,776
Operating Expenses	164,279	156,746	7,533	278,916
Capital Outlay	18,881	18,881	-	2,144
Total Growth Management	<u>449,521</u>	<u>437,204</u>	<u>12,317</u>	<u>487,836</u>

Continued on next page

TOWN OF LADY LAKE, FLORIDA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2008
With comparative actual amounts for the year ended September 30, 2007

	2008		VARIANCE WITH FINAL BUDGET	2007 ACTUAL
	FINAL BUDGET	ACTUAL		
PUBLIC WORKS:				
Administration:				
Personal Services	\$ 123,199	\$ 119,722	\$ 3,477	\$ 146,518
Operating Expenses	68,717	66,631	2,086	49,502
Capital Outlay	-	-	-	9,836
Total Administration	191,916	186,353	5,563	205,856
Streets and Maintenance:				
Personal Services	457,327	449,370	7,957	447,746
Electric-Street Lights	127,000	136,096	(9,096)	128,675
Operating Expenses	194,200	179,155	15,045	191,348
Street Resurfacing	346,740	346,486	254	89,700
Capital Outlay	59,200	59,140	60	59,022
Capital Outlay - Building	82,397	82,397	-	-
Total Streets and Maintenance	1,266,864	1,252,644	14,220	916,491
Total Public Works	1,458,780	1,438,997	19,783	1,122,347
CULTURE AND RECREATION:				
Library:				
Personal Services	289,784	284,923	4,861	280,752
Operating Expenses	58,852	51,797	7,055	48,211
Library Books	60,000	59,207	793	58,183
Capital Outlay	4,667	4,667	-	6,134
Capital Outlay - Library Building	341,300	341,300	-	44,989
Total Library	754,603	741,894	12,709	438,269
Parks and Recreation:				
Personal Services	239,474	236,621	2,853	229,442
Operating Expenses	236,744	229,325	7,419	189,974
Capital Outlay	38,086	39,082	(996)	129,354
Capital Outlay - P & R Building	557,000	459,289	97,711	10,679
Total Parks and Recreation	1,071,304	964,317	106,987	559,449
Total Culture and Recreation	1,825,907	1,706,211	119,696	997,718
Total Expenditures	\$ 10,641,283	\$ 10,194,175	\$ 447,108	\$ 10,509,716

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

TOWN OF LADY LAKE, FLORIDA

SPECIAL REVENUE FUND

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Sales Tax Revenue Fund - This fund is used to account for the Town's share of local government infrastructure surtax revenues that are legally restricted for expenditure on infrastructure. Infrastructure is defined as public facilities with a useful life of at least five years, as well as emergency vehicles.

**TOWN OF LADY LAKE, FLORIDA
SALES TAX REVENUE FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2008 AND 2007**

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
Cash	\$ 439,730	\$ 60,646
Due from State of Florida	<u>97,182</u>	<u>104,941</u>
 Total Assets	 <u>\$ 536,912</u>	 <u>\$ 165,587</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Deferred Revenue - Infrastructure Surtax	<u>\$ 25,218</u>	<u>\$ 26,828</u>
 Fund Balance, Reserved for Infrastructure	 <u>511,694</u>	 <u>138,759</u>
 Total Liabilities and Fund Balance	 <u>\$ 536,912</u>	 <u>\$ 165,587</u>

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

TOWN OF LADY LAKE, FLORIDA
SALES TAX REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2008
With comparative actual amounts for the year ended September 30, 2007

	2008		VARIANCE WITH FINAL BUDGET	2007 ACTUAL
	FINAL BUDGET	ACTUAL		
REVENUES:				
Local Government Infrastructure Surtax	\$ 1,102,000	\$ 1,099,337	\$ (2,663)	\$ 1,211,879
Interest Earned	3,470	3,761	291	107,301
Total Revenues	<u>1,105,470</u>	<u>1,103,098</u>	<u>(2,372)</u>	<u>1,319,180</u>
OTHER FINANCING SOURCES (USES):				
Transfer to Utility Fund	<u>(730,163)</u>	<u>(730,163)</u>	-	<u>(3,349,357)</u>
Total Other Financing Sources (Uses)	<u>(730,163)</u>	<u>(730,163)</u>	-	<u>(3,349,357)</u>
Net Change in Fund Balance	375,307	372,935	(2,372)	(2,030,177)
Fund Balance, Beginning of Year	<u>138,759</u>	<u>138,759</u>	-	<u>2,168,936</u>
Fund Balance, End of Year	<u>\$ 514,066</u>	<u>\$ 511,694</u>	<u>\$ (2,372)</u>	<u>\$ 138,759</u>

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

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TOWN OF LADY LAKE, FLORIDA

ENTERPRISE FUND

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises--where the intent of the government's council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government's council has decided that periodic determination of net income is appropriate for accountability purposes

Utility Fund - To account for the provision of water, sewer, and garbage services to residents of the Town.

TOWN OF LADY LAKE, FLORIDA
UTILITY FUND
COMPARATIVE STATEMENTS OF NET ASSETS
SEPTEMBER 30, 2008 AND 2007

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
CURRENT ASSETS:		
Cash	\$ 836,140	\$ 1,115,150
Investments	233,681	-
Restricted Cash:		
State Revolving Fund Loan Reserves	41,847	42,052
Utility System Construction	-	341,450
Customer Deposits	353,701	255,624
Customer Accounts Receivable, net of allowance for uncollectibles of \$16,504 and \$14,457	118,768	108,935
Unbilled Utility Service Receivables	61,079	51,449
Other Receivables	2,806	1,255
Due from General Fund	22,736	-
Due from St. Johns River WMD	-	360,000
Inventory	48,304	50,788
Prepaid Expenses	1,100	45,136
	<u>1,720,162</u>	<u>2,371,839</u>
NONCURRENT ASSETS:		
RESTRICTED CASH:		
State Revolving Fund Loan Reserves	22,474	22,105
Impact Fees - Water	1,315,650	2,047,691
Impact Fees - Sewer	261,472	1,476,915
	<u>1,599,596</u>	<u>3,546,711</u>
DEFERRED ENGINEERING COSTS	<u>75,365</u>	<u>75,365</u>
SRF AND SUNTRUST LOAN COSTS	<u>83,686</u>	<u>102,734</u>
SEWER CAPACITY RESERVATION AGREEMENT, net of accumulated amortization of \$281,615 and \$242,560 in 2008 and 2007, respectively	<u>1,347,391</u>	<u>1,386,446</u>
PROPERTY, PLANT, AND EQUIPMENT:		
Land	506,153	506,153
Buildings	343,002	343,002
Water Utility System	6,679,175	6,369,338
Sewer Utility System	9,289,308	9,063,215
Equipment	1,224,015	1,028,268
Construction in Progress	7,628,794	4,177,395
	25,670,447	21,487,371
Less Accumulated Depreciation	<u>3,958,692</u>	<u>3,371,943</u>
Net Property, Plant, and Equipment	<u>21,711,755</u>	<u>18,115,428</u>
Total Assets	<u>26,537,955</u>	<u>25,598,523</u>

TOWN OF LADY LAKE, FLORIDA
UTILITY FUND
COMPARATIVE STATEMENTS OF NET ASSETS (Continued)
SEPTEMBER 30, 2008 AND 2007

	2008	2007
<u>LIABILITIES</u>		
CURRENT LIABILITIES:		
Accounts Payable	\$ 59,749	\$ 57,833
Retainage Payable	153,772	341,450
Accrued Payroll and Related Taxes	21,468	13,465
Accrued Vacation Payable	19,414	14,704
Due to General Fund	2,158	1,880
Customer Deposits	353,701	255,624
State Revolving Fund Loan:		
Current Portion	72,162	69,687
Accrued Interest Payable	2,566	3,083
SunTrust Loan Payable:		
Current Portion	585,105	562,128
Accrued Interest Payable	12,782	14,605
Total Current Liabilities	1,282,877	1,334,459
NONCURRENT LIABILITIES:		
Unearned Revenue	32,082	220,798
State Revolving Fund Loan	273,350	345,512
SunTrust Loan	3,358,071	3,943,176
Total Noncurrent Liabilities	3,663,503	4,509,486
Total Liabilities	4,946,380	5,843,945
<u>NET ASSETS</u>		
Invested in Capital Assets, net of related debt	18,689,898	14,288,577
Restricted for Utility Capital Improvements	1,577,122	3,866,056
Restricted for Debt Service	61,755	61,074
Unrestricted	1,262,800	1,538,871
Total Net Assets	\$21,591,575	\$19,754,578

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

TOWN OF LADY LAKE, FLORIDA
UTILITY FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	2008	2007
OPERATING REVENUES:		
Water Sales	\$ 875,490	\$ 801,655
Sewer Revenue	336,818	282,147
Connection Fees	168,958	30,701
Garbage Revenue	338,233	335,531
Late Fees and Other Revenue	39,515	40,826
	<u>1,759,014</u>	<u>1,490,860</u>
OPERATING EXPENSES:		
Personal Services	540,651	443,731
Garbage Contract Services	305,372	302,627
Depreciation	608,071	574,602
Operating Supplies	118,486	77,305
Utilities	99,983	101,350
Repairs and Maintenance	57,089	53,026
Professional Services	63,644	33,222
Amortization	39,055	39,055
Insurance	34,535	30,030
Other Operating Expenses	133,646	118,535
	<u>2,000,532</u>	<u>1,773,483</u>
Net Operating Loss	<u>(241,518)</u>	<u>(282,623)</u>
NONOPERATING REVENUES (EXPENSES):		
Intergovernmental - SJRWMD Grant	-	360,000
Interest Revenue	119,661	182,977
Decrease in Fair Value of Investments	(65,619)	-
Debt Issuance Costs	(19,048)	(19,048)
Interest Expense	-	(172,268)
	<u>34,994</u>	<u>351,661</u>
Income (Loss) Before Contributions and Transfers	(206,524)	69,038
CAPITAL CONTRIBUTIONS:		
Water Impact Fees	330,187	1,402,535
Sewer Impact Fees	497,353	2,241,859
Developers	514,818	-
TRANSFERS IN - Infrastructure Taxes	730,163	3,349,357
TRANSFERS OUT	<u>(29,000)</u>	<u>(30,500)</u>
Change in Net Assets	1,836,997	7,032,289
Total Net Assets, Beginning of Year	<u>19,754,578</u>	<u>12,722,289</u>
Total Net Assets, End of Year	<u>\$ 21,591,575</u>	<u>\$ 19,754,578</u>

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

TOWN OF LADY LAKE, FLORIDA
UTILITY FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 1,647,361	\$ 1,704,586
Cash Payments to Employees for Services	(527,938)	(438,889)
Cash Payments to Suppliers for Goods and Services	(762,221)	(769,937)
Net Cash Provided by Operating Activities	357,202	495,760
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfer to General Fund	(29,000)	(30,500)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
St. Johns River WMD Grant	360,000	40,000
Transfer from Sales Tax Revenue Fund - Infrastructure Taxes	730,163	3,349,357
Water and Sewer Impact Fees Received	827,540	3,644,394
Developer Contribution	57,700	-
State Revolving Fund Loan Interest Paid	(14,007)	(16,397)
State Revolving Fund Loan Principal Repayments	(69,687)	(67,297)
Suntrust Loan Interest Paid	(168,035)	(189,287)
Suntrust Loan Principal Paid	(562,128)	(540,842)
Acquisition and Construction of Capital Assets	(3,779,812)	(3,926,915)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(2,618,266)	2,293,013
CASH FLOWS FROM INVESTING ACTIVITIES:		
State Board Fund B Pool Investment	(299,300)	-
Interest Received on Demand Deposits	119,661	182,977
Net Cash Provided by (Used in) Investing Activities	(179,639)	182,977
NET INCREASE (DECREASE) IN CASH	(2,469,703)	2,941,250
Cash at Beginning of Year	5,300,987	2,359,737
Cash at End of Year	\$ 2,831,284	\$ 5,300,987

Continued on next page

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

TOWN OF LADY LAKE, FLORIDA
UTILITY FUND
COMPARATIVE STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	2008	2007
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Loss	\$ (241,518)	\$ (282,623)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and Amortization	647,126	613,657
Increase in Accounts Receivable	(9,833)	(23,581)
Increase in Unbilled Receivables	(9,630)	(517)
Decrease in Impact Fee Receivables	-	122
(Increase) Decrease in Other Receivables	(1,551)	1,569
(Increase) Decrease in Due from General Fund	(22,736)	2,120
(Increase) Decrease in Inventory	2,484	(9,091)
(Increase) Decrease in Prepaid Expenses	44,036	(44,986)
Increase (Decrease) in Accounts Payable	26,472	(1,885)
Increase (Decrease) in Due to General Fund	278	(52)
Increase in Accrued Payroll and Related Taxes	8,003	1,254
Increase in Accrued Vacation Payable	4,710	3,588
Increase in Customer Deposits	98,077	47,263
Increase (Decrease) in Unearned Revenue	(188,716)	188,922
 Total Adjustments	 598,720	 778,383
 Net Cash Provided by Operating Activities	 \$ 357,202	 \$ 495,760
 NONCASH CAPITAL ACTIVITIES:		
Utility system construction on account	\$ (212,234)	\$ 92,913
Developer utility system contributions	457,118	-

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

TOWN OF LADY LAKE, FLORIDA

**UTILITY FUND
SCHEDULE OF BUDGETARY COMPLIANCE**

The Town Commission adopted a budget ordinance for the General, Sales Tax Revenue, and Utility Funds. The budget for the Utility fund is adopted on an accounting basis other than in accordance with generally accepted accounting principles. The following schedule is presented to report legal compliance with the Town's budget ordinance

**TOWN OF LADY LAKE, FLORIDA
UTILITY FUND
SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL (BASIS OTHER THAN GAAP)
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:			
Water Sales	\$ 850,000	\$ 875,490	\$ 25,490
Sewer Revenue	329,400	336,818	7,418
Connection Fees	170,855	168,958	(1,897)
Garbage Revenue	338,234	338,233	(1)
Late Fees and Other Revenue	56,368	39,515	(16,853)
Interest Revenue	117,131	119,661	2,530
Decrease in Fair Value of Investments	(58,000)	(65,619)	(7,619)
Water and Sewer Impact Fees	827,540	827,540	-
Developer Contributions	57,700	514,818	457,118
Transfers in from Sales Tax Revenue Fund	730,163	730,163	-
Total Revenues	3,419,391	3,885,577	466,186
EXPENSES:			
Personal Services	568,533	540,651	27,882
Depreciation and Amortization	39,055	647,126	(608,071)
Operating Expenses - Water	341,350	304,359	36,991
Operating Expenses - Sewer	230,445	196,532	33,913
Operating Expenses - Garbage	313,442	311,864	1,578
Interest Expense	181,525	-	181,525
Debt Issuance Costs	19,049	19,048	1
Principal - Utility Debt	631,815	631,815	-
Equipment Purchases	216,849	217,069	(220)
Water Utility System Improvements	5,000	317,293	(312,293)
Sewer Utility System Improvements	3,380,000	3,490,333	(110,333)
Transfers out to General Fund	76,643	29,000	47,643
Total Expenses	6,003,706	6,705,090	(701,384)
Deficiency of Revenues Under Expenses	\$(2,584,315)	\$(2,819,513)	\$ (235,198)

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

TOWN OF LADY LAKE, FLORIDA
CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL ACTIVITIES

TOWN OF LADY LAKE, FLORIDA
COMPARATIVE SCHEDULE OF CAPITAL ASSETS
USED IN GOVERNMENTAL ACTIVITIES - BY SOURCE
SEPTEMBER 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
CAPITAL ASSETS:		
Land	\$ 1,660,349	\$ 1,660,349
Buildings	5,788,434	5,690,327
Improvements Other Than Buildings	1,849,069	1,826,999
Furniture and Equipment	4,044,711	3,825,911
Infrastructure	1,480,447	1,252,857
Construction in Progress	<u>799,346</u>	<u>55,668</u>
 Total Capital Assets	 <u><u>\$ 15,622,356</u></u>	 <u><u>\$ 14,312,111</u></u>
 INVESTMENT IN CAPITAL ASSETS FROM:		
Excise Taxes Revenue Bonds	\$ 375,000	\$ 375,000
Capital Improvement Revenue Bonds	293,287	293,287
Federal Grants	327,245	326,570
State of Florida Grants	551,135	551,135
Lake County Grants	639,059	601,507
Donations and Developer Contributions	2,512,834	2,259,542
General Fund Revenues	<u>10,923,796</u>	<u>9,905,070</u>
 Total Investment in Capital Assets	 <u><u>\$ 15,622,356</u></u>	 <u><u>\$ 14,312,111</u></u>

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

TOWN OF LADY LAKE, FLORIDA
SCHEDULE OF CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES
BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2008

FUNCTION AND ACTIVITY	LAND	BUILDINGS	IMPROVEMENTS OTHER THAN BUILDINGS	FURNITURE AND EQUIPMENT	INFRA- STRUCTURE	CONSTRUCTION IN PROGRESS	TOTAL
GENERAL GOVERNMENT:							
Town Manager	\$ -	\$ -	\$ -	\$ 12,789	\$ -	\$ -	\$ 12,789
Town Clerk	-	-	-	9,821	-	-	9,821
Finance	-	-	-	88,854	-	-	88,854
Human Resources	-	-	-	11,209	-	-	11,209
Other General Government	1,003,382	2,844,827	148,029	420,349	-	-	4,416,587
Facilities Maintenance	-	-	-	32,903	-	-	32,903
Motor Pool	-	-	-	78,248	-	-	78,248
Total General Government	<u>1,003,382</u>	<u>2,844,827</u>	<u>148,029</u>	<u>654,173</u>	<u>-</u>	<u>-</u>	<u>4,650,411</u>
PUBLIC SAFETY:							
Police	-	-	8,806	1,752,737	-	-	1,761,543
Building Inspections/Code Enf	-	-	-	66,222	-	-	66,222
Total Public Safety	<u>-</u>	<u>-</u>	<u>8,806</u>	<u>1,818,959</u>	<u>-</u>	<u>-</u>	<u>1,827,765</u>
GROWTH MANAGEMENT							
	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,724</u>	<u>-</u>	<u>-</u>	<u>85,724</u>
PUBLIC WORKS:							
Administration	-	1,639,187	2,850	47,549	-	-	1,689,586
Streets and Maintenance	174,247	142,433	124,484	910,189	1,480,447	-	2,831,800
Total Public Works	<u>174,247</u>	<u>1,781,620</u>	<u>127,334</u>	<u>957,738</u>	<u>1,480,447</u>	<u>-</u>	<u>4,521,386</u>
CULTURE AND RECREATION:							
Library	48,000	870,855	-	167,366	-	386,289	1,472,510
Parks and Recreation	434,720	291,132	1,564,900	360,751	-	413,057	3,064,560
Total Culture and Recreation	<u>482,720</u>	<u>1,161,987</u>	<u>1,564,900</u>	<u>528,117</u>	<u>-</u>	<u>799,346</u>	<u>4,537,070</u>
Total Capital Assets	<u>\$ 1,660,349</u>	<u>\$ 5,788,434</u>	<u>\$ 1,849,069</u>	<u>\$ 4,044,711</u>	<u>\$ 1,480,447</u>	<u>\$ 799,346</u>	<u>\$ 15,622,356</u>

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

TOWN OF LADY LAKE, FLORIDA
SCHEDULE OF CHANGES IN CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED SEPTEMBER 30, 2008

FUNCTION AND ACTIVITY	BALANCE 9/30/2007	ADDITIONS	TRANSFERS/ DISPOSALS	BALANCE 9/30/2008
GENERAL GOVERNMENT:				
Town Manager	\$ 12,467	\$ 1,859	\$ (1,537)	\$ 12,789
Town Clerk	14,647	-	(4,826)	9,821
Finance	85,275	2,321	1,258	88,854
Human Resources	7,762	-	3,447	11,209
Other General Government	4,428,788	10,374	(22,575)	4,416,587
Facilities Maintenance	17,814	-	15,089	32,903
Motor Pool	75,856	2,992	(600)	78,248
Total General Government	<u>4,642,609</u>	<u>17,546</u>	<u>(9,744)</u>	<u>4,650,411</u>
PUBLIC SAFETY:				
Police	1,656,377	114,877	(9,711)	1,761,543
Building Inspections/Code Enforce	68,222	-	(2,000)	66,222
Total Public Safety	<u>1,724,599</u>	<u>114,877</u>	<u>(11,711)</u>	<u>1,827,765</u>
GROWTH MANAGEMENT	<u>66,843</u>	<u>18,881</u>	<u>-</u>	<u>85,724</u>
PUBLIC WORKS:				
Administration	1,697,311	-	(7,725)	1,689,586
Streets and Maintenance	2,509,908	369,127	(47,235)	2,831,800
Total Public Works	<u>4,207,219</u>	<u>369,127</u>	<u>(54,960)</u>	<u>4,521,386</u>
CULTURE AND RECREATION:				
Library	1,116,978	356,477	(945)	1,472,510
Parks and Recreation	2,553,863	501,463	9,234	3,064,560
Total Culture and Recreation	<u>3,670,841</u>	<u>857,940</u>	<u>8,289</u>	<u>4,537,070</u>
Total Capital Assets	<u>\$ 14,312,111</u>	<u>\$ 1,378,371</u>	<u>\$ (68,126)</u>	<u>\$ 15,622,356</u>

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

STATISTICAL SECTION

This section of the Town of Lady Lake'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 Town's overall financial health.

Contents

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Financial Trends

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

80-90

Revenue Capacity

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

91-94

Debt Capacity

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

95-98

Demographic and Economic Information

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

99-101

Operating Information

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

102-104

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

The Town implemented GASB Statement 34 in fiscal year 2004; schedules presenting government-wide information include information beginning in that year.

The Town implemented GASB Statement 44 in fiscal year 2006; schedules presenting demographic, operating, and capital asset statistics include information beginning in that year.

TOWN OF LADY LAKE, FLORIDA
NET ASSETS BY COMPONENT
LAST FIVE FISCAL YEARS

	Fiscal Year 2004	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007
GOVERNMENTAL ACTIVITIES				
Invested in Capital Assets, net of related debt	\$ 8,380,181	\$ 9,268,919	\$ 9,548,775	\$ 9,634,717
Restricted for:				
Capital Improvements	2,501,542	3,192,710	2,168,936	138,759
Debt Service	53,555	12,680	-	-
Police	71,970	83,532	46,970	78,284
Building Inspections	-	30,481	27,878	237,603
Education	-	-	117,000	1,391,646
Tornado Relief	-	-	-	11,891
Unrestricted	4,659,004	5,121,152	5,116,313	4,948,479
 Total Governmental Activities Net Assets	 <u>\$ 15,666,252</u>	 <u>\$ 17,709,474</u>	 <u>\$ 17,025,872</u>	 <u>\$ 16,441,379</u>
 BUSINESS-TYPE ACTIVITIES				
Invested in Capital Assets, net of related debt	\$ 6,873,868	\$ 7,379,680	\$ 10,457,799	\$ 14,288,577
Restricted for:				
Capital Improvements	550,291	1,261,319	1,257,488	3,866,056
Debt Service	57,168	57,904	59,402	61,074
Unrestricted	645,135	1,292,801	947,600	1,538,871
 Total Business-type Activities Net Assets	 <u>\$ 8,126,462</u>	 <u>\$ 9,991,704</u>	 <u>\$ 12,722,289</u>	 <u>\$ 19,754,578</u>
 TOWN OF LADY LAKE				
Invested in Capital Assets, net of related debt	\$ 15,254,049	\$ 16,648,599	\$ 20,006,574	\$ 23,923,294
Restricted for:				
Capital Improvements	3,051,833	4,454,029	3,426,424	4,004,815
Debt Service	110,723	70,584	59,402	61,074
Police	71,970	83,532	46,970	78,284
Building Inspections	-	30,481	27,878	237,603
Education	-	-	117,000	1,391,646
Tornado Relief	-	-	-	11,891
Unrestricted	5,304,139	6,413,953	6,063,913	6,487,350
 Total Town of Lady Lake Net Assets	 <u>\$ 23,792,714</u>	 <u>\$ 27,701,178</u>	 <u>\$ 29,748,161</u>	 <u>\$ 36,195,957</u>

Note: This schedule reports trend information for all years beginning with the year the Town implemented GASB 34.

Fiscal Year
2008

\$ 10,361,952

511,694

-

52,245

152,649

1,584,846

-

3,363,431

\$ 16,026,817

\$ 18,689,898

1,577,122

61,755

1,262,800

\$ 21,591,575

\$ 29,051,850

2,088,816

61,755

52,245

152,649

1,584,846

-

4,626,231

\$ 37,618,392

TOWN OF LADY LAKE, FLORIDA
CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year 2004	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007
EXPENSES				
Governmental Activities:				
General Government	\$ 1,340,672	\$ 1,606,240	\$ 1,637,919	\$ 3,245,414
Public Safety	2,909,183	3,241,998	3,406,644	4,172,689
Growth Management	163,464	279,413	304,620	491,530
Public Works	1,039,906	943,419	1,218,962	1,215,478
Culture and Recreation	704,576	732,173	891,205	953,119
Interest on Long-term Debt	4,945	2,874	689	9,159
	<u>6,162,746</u>	<u>6,806,117</u>	<u>7,460,039</u>	<u>10,087,389</u>
Total Governmental Activities Expenses				
Business-Type Activities				
Water	599,645	706,022	746,586	831,499
Sewer	241,458	380,139	492,555	824,302
Garbage	321,968	322,560	295,876	308,998
	<u>1,163,071</u>	<u>1,408,721</u>	<u>1,535,017</u>	<u>1,964,799</u>
Total Business-Type Activities Expenses				
Total Expenses	<u>\$ 7,325,817</u>	<u>\$ 8,214,838</u>	<u>\$ 8,995,056</u>	<u>\$ 12,052,188</u>
PROGRAM REVENUES				
Governmental Activities:				
Charges for Services:				
General Government	\$ 114,759	\$ 117,350	\$ 110,065	\$ 170,940
Public Safety	752,636	961,987	1,005,185	1,553,192
Growth Management	9,574	106,830	191,175	197,300
Culture and Recreation	17,115	19,280	25,188	30,295
Operating Grants and Contributions	489,713	517,270	366,040	1,807,208
Capital Grants and Contributions	383,203	1,307,707	260,432	1,501,163
	<u>1,767,000</u>	<u>3,030,424</u>	<u>1,958,085</u>	<u>5,260,098</u>
Total Governmental Activities Program Revenues				
Business-Type Activities:				
Charges for Services:				
Water	596,604	673,369	803,771	864,502
Sewer	159,602	177,456	221,593	290,827
Garbage	314,947	313,534	328,757	335,531
Capital Grants and Contributions	394,131	1,318,567	265,486	4,004,394
	<u>1,465,284</u>	<u>2,482,926</u>	<u>1,619,607</u>	<u>5,495,254</u>
Total Business-Type Activities Program Revenues				
Total Program Revenues	<u>\$ 3,232,284</u>	<u>\$ 5,513,350</u>	<u>\$ 3,577,692</u>	<u>\$ 10,755,352</u>
NET REVENUE (EXPENSE)				
Governmental Activities	\$ (4,395,746)	\$ (3,775,693)	\$ (5,501,954)	\$ (4,827,291)
Business-Type Activities	<u>302,213</u>	<u>1,074,205</u>	<u>84,590</u>	<u>3,530,455</u>
Total Net Expense	<u>\$ (4,093,533)</u>	<u>\$ (2,701,488)</u>	<u>\$ (5,417,364)</u>	<u>\$ (1,296,836)</u>

Fiscal Year
2008

\$ 2,116,586
4,675,709
428,130
1,459,612
1,026,511
9,339

9,715,887

933,226
774,490
311,864

2,019,580

\$ 11,735,467

\$ 179,083
1,393,794
186,009
29,163
408,982
579,163

2,776,194

1,073,086
347,695
338,233
1,342,358

3,101,372

\$ 5,877,566

\$ (6,939,693)
1,081,792

\$ (5,857,901)

Continued on Next Page

TOWN OF LADY LAKE, FLORIDA
CHANGES IN NET ASSETS (continued)
LAST FIVE FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year 2004	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007
GENERAL REVENUES AND TRANSFERS				
Governmental Activities:				
Taxes:				
Property Taxes	\$ 1,178,505	\$ 1,309,238	\$ 1,458,224	\$ 1,802,719
Sales Taxes	1,834,115	2,027,064	2,193,756	1,934,966
Franchise Fees	766,679	848,131	1,080,606	1,102,074
Utility Taxes	1,230,828	1,338,458	1,455,720	1,558,851
Excise Taxes	492,015	706,170	774,014	708,491
Unrestricted Investment Earnings	139,378	189,312	358,472	454,554
Gain on Sale of Capital Assets	12,700	4,052	-	-
Transfers	(84,819)	(603,510)	(2,502,440)	(3,318,857)
Total Governmental Activities	5,569,401	5,818,915	4,818,352	4,242,798
Business-Type Activities:				
Unrestricted Investment Earnings	23,267	187,527	143,555	182,977
Transfers	84,819	603,510	2,502,440	3,318,857
Total Business-Type Activities	108,086	791,037	2,645,995	3,501,834
Total General Revenues and Transfers	\$ 5,677,487	\$ 6,609,952	\$ 7,464,347	\$ 7,744,632
CHANGE IN NET ASSETS				
Governmental Activities	\$ 1,173,655	\$ 2,043,222	\$ (683,602)	\$ (584,493)
Business-Type Activities	410,299	1,865,242	2,730,585	7,032,289
Total Change in Net Assets	\$ 1,583,954	\$ 3,908,464	\$ 2,046,983	\$ 6,447,796

Note: This schedule reports trend information for all years beginning with the year the Town implemented GASB 34.

Fiscal Year
2008

\$ 1,998,784
1,750,420
1,136,241
1,484,241
644,564
212,044
-
(701,163)

6,525,131

54,042
701,163

755,205

\$ 7,280,336

\$ (414,562)
1,836,997

\$ 1,422,435

TOWN OF LADY LAKE
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
General Fund				
Reserved	\$ 98,847	\$ 59,673	\$ 82,443	\$ 177,810
Unreserved	<u>3,857,329</u>	<u>4,443,708</u>	<u>4,276,406</u>	<u>4,533,779</u>
Total General Fund	<u>\$ 3,956,176</u>	<u>\$ 4,503,381</u>	<u>\$ 4,358,849</u>	<u>\$ 4,711,589</u>
All Other Governmental Funds				
Reserved	\$ 2,605,115	\$ 2,795,427	\$ 2,758,304	\$ 2,982,325
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	124,468	-	-	-
Debt service funds	<u>488,866</u>	<u>507,553</u>	<u>446,074</u>	<u>454,456</u>
Total all other governmental funds	<u>\$ 3,218,449</u>	<u>\$ 3,302,980</u>	<u>\$ 3,204,378</u>	<u>\$ 3,436,781</u>

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 102,443	\$ 134,255	\$ 250,293	\$ 253,335	\$ 1,918,082	\$ 1,920,764
4,482,344	4,495,698	5,077,867	5,199,945	4,831,656	3,325,535
<u>\$ 4,584,787</u>	<u>\$ 4,629,953</u>	<u>\$ 5,328,160</u>	<u>\$ 5,453,280</u>	<u>\$ 6,749,738</u>	<u>\$ 5,246,299</u>
\$ 1,577,685	\$ 2,555,097	\$ 3,205,390	\$ 2,168,936	\$ 138,759	\$ 511,694
-	-	-	-	-	-
-	-	-	-	-	-
2,102	10,732	33,165	-	-	-
<u>\$ 1,579,787</u>	<u>\$ 2,565,829</u>	<u>\$ 3,238,555</u>	<u>\$ 2,168,936</u>	<u>\$ 138,759</u>	<u>\$ 511,694</u>

TOWN OF LADY LAKE
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(Modified accrual basis of accounting)

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Revenues					
Taxes	\$ 3,096,991	\$ 3,302,732	\$ 3,537,423	\$ 4,075,934	\$ 4,037,868
Licenses and Permits	228,450	242,183	242,687	136,059	170,528
Intergovernmental Revenues	1,426,230	1,429,721	1,136,393	1,075,846	1,389,067
Charges for Services	15,148	110,591	135,137	138,680	140,721
Fines and Forfeitures	90,540	63,433	96,033	72,679	75,831
Investment Earnings	347,496	495,169	414,368	166,168	113,295
Miscellaneous	120,208	211,286	126,544	183,420	111,825
Total Revenues	5,325,063	5,855,115	5,688,585	5,848,786	6,039,135
Expenditures					
General Government	622,858	646,010	739,322	899,215	1,062,272
Public Safety	1,585,726	1,782,605	1,983,005	2,132,745	2,379,383
Community Development	179,133	249,460	185,348	154,919	172,220
Public Works	682,143	820,124	1,033,747	875,484	782,776
Culture and Recreation	198,032	420,169	751,061	453,288	504,349
Capital Outlay	946,008	684,529	-	99,134	2,558,403
Debt Service:					
Principal	510,000	533,000	637,779	572,000	34,000
Interest	109,655	87,662	63,989	33,580	6,899
Total Expenditures	4,833,555	5,223,559	5,394,251	5,220,365	7,500,302
Excess (Deficiency) of Revenues over (under) Expenditures	491,508	631,556	294,334	628,421	(1,461,167)
Other Financing Sources (Uses)					
Capital Lease	-	-	-	-	-
Transfers in	962,561	1,128,394	618,191	356,996	1,818,390
Transfers out	(962,561)	(1,128,394)	(618,191)	(356,996)	(1,818,390)
Sale of Capital Assets	16,000	180	18,960	4,550	5,618
Total Other Financing Sources (Uses)	16,000	180	18,960	4,550	5,618
Net Change in Fund Balances	\$ 507,508	\$ 631,736	\$ 313,294	\$ 632,971	\$ (1,455,549)
Debt service as a percentage of noncapital expenditures	18.4%	15.7%	15.4%	12.7%	0.8%

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$	4,421,158	\$ 4,988,671	\$ 5,646,998	\$ 5,917,231	\$ 6,005,261
	182,997	497,441	599,368	1,088,610	772,972
	1,375,162	2,021,370	1,688,267	2,926,694	1,482,333
	128,800	143,377	139,781	150,950	158,561
	90,429	72,948	83,664	107,193	118,481
	139,378	189,312	358,472	454,554	212,044
	853,999	910,955	765,804	2,175,751	1,014,262
	<u>7,191,923</u>	<u>8,824,074</u>	<u>9,282,354</u>	<u>12,820,983</u>	<u>9,763,914</u>
	1,232,242	1,483,321	1,696,456	3,121,174	1,976,628
	2,769,791	3,166,649	3,567,311	4,706,147	4,560,641
	158,050	279,668	301,659	487,836	437,204
	922,035	775,849	1,165,617	1,122,347	1,356,600
	583,211	611,836	866,326	942,050	905,622
	382,787	507,330	117,484	55,668	882,986
	36,000	38,000	11,991	74,494	62,282
	4,945	2,874	689	-	12,212
	<u>6,089,061</u>	<u>6,865,527</u>	<u>7,727,533</u>	<u>10,509,716</u>	<u>10,194,175</u>
	1,102,862	1,958,547	1,554,821	2,311,267	(430,261)
	-	-	-	273,065	-
	26,000	28,000	115,628	30,500	29,000
	(110,819)	(631,510)	(2,618,068)	(3,349,357)	(730,163)
	13,165	15,896	3,120	806	920
	<u>(71,654)</u>	<u>(587,614)</u>	<u>(2,499,320)</u>	<u>(3,044,986)</u>	<u>(700,243)</u>
\$	<u>1,031,208</u>	<u>\$ 1,370,933</u>	<u>\$ (944,499)</u>	<u>\$ (733,719)</u>	<u>\$ (1,130,504)</u>
	0.7%	0.7%	0.2%	0.8%	0.8%

TOWN OF LADY LAKE, FLORIDA
GENERAL GOVERNMENTAL TAX REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

<u>FISCAL YEAR</u>	<u>PROPERTY TAXES</u>	<u>INFRA-STRUCTURE SALES SURTAX</u>	<u>EXCISE TAXES</u>	<u>FRANCHISE FEES</u>	<u>UTILITY TAXES</u>	<u>COMMUNICATIONS SERVICES TAX</u>	<u>TOTAL TAXES</u>
1999	\$ 942,962	\$ 890,355	\$ 113,094	\$ 603,185	\$ 547,395	\$ -	\$ 3,096,991
2000	1,042,279	953,552	105,345	632,243	569,313	-	3,302,732
2001	1,159,966	1,001,958	111,359	678,446	585,694	-	3,537,423
2002	1,267,434	945,157	116,058	637,102	650,212	459,971	4,075,934
2003	1,070,644	964,028	124,870	652,349	668,977	557,000	4,037,868
2004	1,178,505	1,103,045	142,101	766,679	684,444	546,384	4,421,158
2005	1,309,238	1,244,071	248,773	848,131	738,739	599,719	4,988,671
2006	1,458,224	1,376,427	276,021	1,080,606	787,841	667,879	5,646,998
2007	1,802,719	1,211,879	241,708	1,102,074	798,398	760,453	5,917,231
2008	1,998,784	1,099,337	138,315	1,136,241	823,382	809,202	6,005,261

TOWN OF LADY LAKE, FLORIDA
ESTIMATED JUST VALUE AND TAXABLE (ASSESSED) VALUE OF PROPERTY
LAST TEN FISCAL YEARS

FISCAL YEAR	REAL PROPERTY		PERSONAL PROPERTY		TOTAL		DIRECT TAX RATE	TAXABLE VALUE PERCENTAGE OF JUST VALUE
	ESTIMATED JUST VALUE	TAXABLE VALUE	ESTIMATED JUST VALUE	TAXABLE VALUE	ESTIMATED JUST VALUE	TAXABLE VALUE		
1999	\$ 456,063,897	\$314,315,599	\$ 79,542,666	\$44,852,695	\$ 535,606,563	\$ 359,168,294	2.72	67.06%
2000	495,602,695	350,101,127	72,123,187	48,211,640	567,725,882	398,312,767	2.72	70.16%
2001	550,561,894	391,916,800	86,208,981	50,584,838	636,770,875	442,501,638	2.72	69.49%
2002	589,062,753	429,100,093	105,026,950	53,684,613	694,089,703	482,784,706	2.72	69.56%
2003	653,910,861	448,511,789	108,198,855	55,219,712	762,109,716	503,731,501	2.20	66.10%
2004	728,490,160	496,385,446	110,170,441	57,234,274	838,660,601	553,619,720	2.20	66.01%
2005	821,292,460	541,904,735	119,672,957	66,507,697	940,965,417	608,412,432	2.20	64.66%
2006	935,927,027	618,734,443	122,393,790	69,210,517	1,058,320,817	687,944,960	2.20	65.00%
2007	1,123,319,733	749,900,730	152,219,097	98,519,590	1,275,538,830	848,420,320	2.20	66.51%
2008	1,233,366,562	856,012,788	137,809,865	85,841,775	1,371,176,427	941,854,563	2.20	68.69%

Source-Lake County Property Appraiser's Office

The property appraiser is required to physically inspect the property at least once every 5 years. Homesteaded property is reassessed annually on January 1. Any change resulting from such reassessment shall not exceed the lower of 3% of the prior year's assessed value or the percentage change in the Consumer Price Index for All Urban Consumers, U.S. City Average, all items 1967=100, or successor reports for the preceding calendar year as initially reported by the United States Department of Labor, Bureau of Labor Statistics.

The estimated just value is adjusted down to the taxable value due to governmental exemptions, widows/widowers exemption, disability/blind exemption, institutional exemption for charitable, religious, scientific, literary and educational, \$25,000 homestead exemption, additional \$25,000 homestead exemption age 65 and older, and the homestead assessment differential (just value minus capped value).

TOWN OF LADY LAKE, FLORIDA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS

FISCAL YEAR	TOWN DIRECT RATE	OVERLAPPING RATES						TOTAL
		LAKE COUNTY	SCHOOL DISTRICT	WATER CONSERVATION AUTHORITY	WATER MANAGEMENT DISTRICT	AMBULANCE DISTRICT	HOSPITAL DISTRICT	
1999	2.720	4.733	9.190	0.384	0.482	0.268	1.000	18.777
2000	2.720	4.733	8.742	0.500	0.482	0.316	1.000	18.493
2001	2.720	5.117	8.495	0.500	0.472	0.550	1.000	18.854
2002	2.720	5.117	8.202	0.500	0.462	0.529	1.000	18.530
2003	2.200	5.917	8.395	0.482	0.462	0.529	1.000	18.985
2004	2.200	5.917	8.440	0.408	0.462	0.529	1.000	18.956
2005	2.200	5.817	7.990	0.383	0.462	0.529	1.000	18.381
2006	2.200	5.797	7.981	0.337	0.462	0.529	1.000	18.306
2007	2.200	5.947	7.648	0.253	0.462	0.529	1.000	18.039
2008	2.200	4.941	7.698	0.213	0.416	0.465	1.000	16.933

**TOWN OF LADY LAKE, FLORIDA
PRINCIPAL PROPERTY TAXPAYERS
SEPTEMBER 30, 2008
CURRENT YEAR COMPARED TO NINE YEARS AGO**

Taxpayer	Fiscal Year 2008			Fiscal Year 1999		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Value
Villages Operating Company	\$ 39,816,620	1	4.23%			
Lazy B Cattle Venture LTD	28,061,009	2	2.98%	\$ 13,797,537	2	3.84%
The Villages of Lake-Sumter, Inc	21,531,785	3	2.29%	42,587,414	1	11.86%
TMW Weltfonds Rolling Acres Plaza LP	18,853,402	4	2.00%			
Sun Communities Finance LP	18,725,272	5	1.99%	9,771,173	3	2.72%
Caleb's Place, Inc.	8,937,256	6	0.95%			
Home Depot USA Inc	8,565,299	7	0.91%			
Embarq-Florida Inc (formerly Sprint)	8,523,320	8	0.90%	9,016,566	4	2.51%
Villages Family Co	7,716,044	9	0.82%			
Target Corporation T-2058	6,431,584	10	0.68%			
Sun Communities Finance Limited				4,673,298	5	1.30%
Unicare Health Facilities Inc				4,504,156	6	1.25%
Lady Lake Inc.				3,493,915	7	0.97%
Florida Power Corp				2,684,031	8	0.75%
Carelink Partners, Inc				2,429,587	9	0.68%
Citizens First Bank				2,343,829	10	0.65%
Total	\$ 167,161,591		17.75%	\$ 95,301,506		26.53%
Total Taxable assessed valuation	\$ 941,854,563			\$ 359,168,294		

Source: Tax Year 2007 and Tax Year 1998 ad valorem tax rolls of the Town of Lady Lake, Florida and Lake County Property Appraiser DR-403 AM.

Tax Year is equivalent to the following fiscal year.

**TOWN OF LADY LAKE, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

<u>FISCAL YEAR</u>	<u>TOTAL TAX LEVY</u>	<u>CURRENT TAX COLLECTIONS</u>	<u>PERCENT OF LEVY COLLECTED</u>	<u>DELINQUENT TAX COLLECTIONS</u>	<u>TOTAL TAX COLLECTIONS</u>	<u>PERCENT OF TOTAL TAX COLLECTIONS TO TAX LEVY</u>
1999	\$ 976,938	\$ 941,475	96.4%	\$ 1,487	\$ 942,962	96.5%
2000	1,083,411	1,041,251	96.1%	1,028	1,042,279	96.2%
2001	1,203,604	1,157,636	96.2%	2,330	1,159,966	96.4%
2002	1,313,174	1,264,834	96.3%	2,600	1,267,434	96.5%
2003	1,108,209	1,066,398	96.2%	4,246	1,070,644	96.6%
2004	1,217,963	1,174,094	96.4%	4,411	1,178,505	96.8%
2005	1,338,507	1,306,827	97.6%	2,411	1,309,238	97.8%
2006	1,513,479	1,455,994	96.2%	2,230	1,458,224	96.3%
2007	1,866,525	1,801,192	96.5%	1,527	1,802,719	96.6%
2008	2,072,080	1,996,742	96.4%	2,042	1,998,784	96.5%

See Note 12 for discounts allowed for early payment of taxes.

**TOWN OF LADY LAKE
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
	Revenue Note	Capital Lease	Utility Revenue Bonds	Loans Payable			
1999	\$ 1,862,770	\$ -	\$ 541,000	\$ -	\$ 2,403,770	N/A	\$ 184
2000	1,329,770	-	-	260,049	1,589,819	N/A	134
2001	691,991	-	-	474,359	1,166,350	N/A	97
2002	119,991	-	-	700,377	820,368	N/A	66
2003	85,991	-	-	670,856	756,847	N/A	60
2004	49,991	-	-	610,247	660,238	N/A	52
2005	11,991	-	-	6,115,127	6,127,118	N/A	482
2006	-	-	-	5,528,642	5,528,642	1.86%	432
2007	-	198,571	-	4,920,503	5,119,074	1.80%	399
2008	-	136,289	-	4,288,688	4,424,977	1.49%	337

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

^aSee Page 99 and 100 for personal income and population data.

N/A - Information is not available

**TOWN OF LADY LAKE
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

The Town of Lady Lake has had no general bonded debt during the last ten fiscal years

**TOWN OF LADY LAKE
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2008**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes	\$ -	4.55%	\$ -
Other debt			-
Subtotal, overlapping debt			-
Direct debt			136,289
Total direct and overlapping debt			<u>\$ 136,289</u>

Note: The Town of Lady Lake has no ordinance which limits general obligation debt to a percentage of assessed property values.

The estimated percentage applicable to the Town of Lady Lake is based upon Town/Lake County population ratio.

**TOWN OF LADY LAKE, FLORIDA
 PLEDGED-REVENUE COVERAGE
 INFRASTRUCTURE SALES SURTAXES
 LAST TEN FISCAL YEARS**

Fiscal Year	Infrastructure Sales Surtaxes Available for Debt Service	Debt Service Requirements			Coverage
		Principal	Interest	Total	
1999	\$ 890,355	\$ 475,000	\$ 89,250	\$ 564,250	1.58
2000	953,552	495,000	69,300	564,300	1.69
2001	1,001,958	515,000	48,015	563,015	1.78
2002	945,157	540,000	24,840	564,840	1.67
2003	964,028	-	-	-	-
2004	1,103,045	-	-	-	-
2005	1,244,071	432,359	199,151	631,510	1.97
2006	1,376,427	521,495	210,175	731,670	1.88
2007	1,211,879	540,842	189,287	730,129	1.66
2008	1,099,337	585,105	144,990	730,095	1.51

**TOWN OF LADY LAKE, FLORIDA
 PLEDGED-REVENUE COVERAGE
 UTILITY REVENUES
 LAST TEN FISCAL YEARS**

Fiscal Year	Gross Revenues ¹	Operating Expenses ²	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1999	\$ 383,668	\$ 216,048	\$ 167,620	\$ 7,000	\$ 32,880	\$ 39,880	4.20
2000	417,873	289,553	128,320	- *	- *	- *	N/A
2001	581,080	408,609	172,471	- *	- *	- *	N/A
2002	648,621	411,306	237,315	- *	- *	- *	N/A
2003	664,894	552,481	112,413	29,521	12,326	41,847	2.69
2004	736,939	512,480	224,459	60,609	23,085	83,694	2.68
2005	828,833	547,274	281,559	62,761	20,933	83,694	3.36
2006	985,061	747,891	237,170	64,990	18,705	83,695	2.83
2007	1,114,503	850,828	263,675	67,297	16,397	83,694	3.15
2008	1,381,266	1,041,542	339,724	72,162	11,532	83,694	4.06

¹ For fiscal years 1999 and 2000, water system gross revenues. Fiscal years 2001 through 2008, water and sewer system gross revenues.

² For fiscal years 1999 and 2000, water operating expenses exclusive of depreciation. Fiscal years 2001 through 2008, water and sewer operating expenses exclusive of depreciation and amortization.

* On March 31, 2000, the Town paid off the entire outstanding principal balance of \$541,000, and was not subject to any revenue bond loan coverage covenants for the years ended September 30, 2000, 2001 and 2002.

TOWN OF LADY LAKE, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
SEPTEMBER 30, 2008

Year	<u>2006</u>	<u>2007</u>	<u>2008</u>
Population	12,805	12,842	13,117
Total Personal Income of all Lady Lake Residents	297,691,000	285,118,084	297,611,613
Per Capita Personal Income	23,248	22,202	22,689
Median Age	68	68	67
School Enrollment			
**The Villages of Lady Lake Elementary	723	850	811
Lake County Unemployment Rate (December)	3.0%	4.7%	8.5%

Note: The Town implemented GASB 44 in fiscal year 2006.

Population from the Florida Bureau of Economic and Business research (BEBR)

Unemployment rate from the Florida Research and Data Base (<http://fred/labormarketinfo.com>)

Median Age from 2000 U.S.Census

**Villages of Lady Lake Elementary opened in 1999

**TOWN OF LADY LAKE, FLORIDA
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

POPULATION

<u>Year</u>	<u>Town of Lady Lake</u>		<u>Lake County</u>	
	<u>Population</u>	<u>% Increase</u>	<u>Population</u>	<u>% Increase</u>
1990 *	8,071	26.43%	152,104	3.94%
1999	13,067	3.53%	203,863	3.97%
2000 *	11,828	N/A	210,528	3.27%
2001 *	12,022	1.64%	220,323	4.65%
2002 *	12,364	2.84%	231,072	4.88%
2003	12,556	1.55%	240,716	4.17%
2004	12,666	0.88%	251,878	4.64%
2005	12,709	0.34%	263,017	4.42%
2006	12,805	0.76%	276,783	5.67%
2007	12,842	0.29%	285,422	3.12%
2008	13,117	2.14%	288,379	1.04%

POPULATION DISTRIBUTION BY AGE - 2007

<u>Age</u>	<u>Lake County</u>	<u>State of Florida</u>
0-14	16.6%	18.5%
15-44	31.6%	38.8%
45-64	26.5%	25.6%
65+	25.3%	17.1%

POPULATION PER SQUARE MILE

<u>Year</u>	<u>Lake County</u>	<u>State of Florida</u>
1980	110	181
1990	160	240
1999	214	284
2000	221	296
2001	231	303
2002	242	309
2003	253	316
2004	264	325
2005	276	332
2006	290	340
2007	301	346
2008	303	349

Source: University of Florida, Bureau of Economics and Business Research.

* Census Data

**TOWN OF LADY LAKE, FLORIDA
PRINCIPAL EMPLOYERS
SEPTEMBER 30, 2008**

Employer	2008			2006		
	* Employees	Rank	Percentage of Total Town Employment	* Employees	Rank	Percentage of Total Town Employment
Publix Super Markets	159	1	4.57%	174	2	5.51%
The Home Depot	132	2	3.79%	156	3	4.94%
Town of Lady Lake	113	3	3.25%	105	5	3.32%
Winn Dixie Stores, Inc/Winn Dixie Liquors	104	4	2.99%	96	8	3.04%
The Villages of Lady Lake Elementary	98	5	2.81%	99	7	3.13%
Katie Belles Music Hall	84	6	2.41%	100	6	3.16%
Longhorn **	75	7	2.15%			
Belk's Department Store	69	8	1.98%	85	10	2.69%
Target Department Store	65	9	1.87%	201	1	6.36%
Amigos **	60	10	1.72%			
Casmin, Inc.	57	11	1.64%	148	4	4.68%
Carrabba's Restaurant	50	12	1.44%	88	9	2.78%
Total	1066		30.62%	1252		39.61%
Total Town Employment	3482			3160		

* Full time and/or part time positions.

** Longhorn and Amigos opened February 2008

Note: The Town implemented GASB 44 in fiscal year 2006.

Number of employees from Business Tax Receipts or direct calls to employers

Lady Lake employment figures from Metro Orlando Economic Development Commission-Demographic Detail

TOWN OF LADY LAKE, FLORIDA
FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Full-time Equivalent Employees as of September 30th

Function	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
General Government										
Town Manager	2	2	2	2	2	2	2	2	2	2
Town Clerk	2.5	2.5	2	2	2	2	2	3	3	3
Finance	4	4	4	4	4	4	4	5	5	6
Human Resource/Risk Management	1	1.5	1.5	1.5	2	2	2	2.5	3	3
Other General Gov.	0	0	0.5	0.5	0.5	0.5	0.5	0	0	0
Facilities Maint.	0	0	1	1	1	1	1	2	2	2
Motor Pool	1	1	2	2	1	1	1	1	1	2
Total General Government	10.5	11	13	13	12.5	12.5	12.5	15.5	16	18
Public Safety										
Police Officers	25	24	24	24	24	24	23	28	29	29
Police Civilians	7	9.5	10	10	11	11	11	14	14	15.5
Building Dept.	3	3	3	3	3	3	3	4	4	4
Code Enforcement	0.5	0.5	0.5	0.5	0.5	0.5	0.5	1	1	1
Total Public Safety	35.5	37	37.5	37.5	38.5	38.5	37.5	47	48	49.5
Growth Management	2	3	4	4						
Public Works										
Administration	2	2	2	2	2	2	2	2	2	2
Street Maint.	6.5	6	6	6	6	6	7	9	9	9
Total Public Works	8.5	8	8	8	8	8	9	11	11	11
Culture and Recreation										
Library	3	3.5	4.5	5.5	5.5	5.5	5.5	6	6	6
Parks & Recreation	2	2	2	3	3	3	3	5	5	5
Total Culture and Recreation	5	5.5	6.5	8.5	8.5	8.5	8.5	11	11	11
Utilities										
Water	4	5	5	5	6	6	6	7	7	9
Solid Waste	0	0	1	1	1	1	1	0	0	0
Sewer	2	1	0	0	0	0	0	2	3	5
Total Utilities	6	6	6	6	7	7	7	9	10	14
Total Government Employees	67.5	69.5	73	75	76.5	76.5	76.5	96.5	100	107.5

Source: Finance Department

TOWN OF LADY LAKE, FLORIDA
OPERATING INDICATORS BY FUNCTION/PROGRAM
SEPTEMBER 30, 2008

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Police			
Booking Arrests	240	299	303
DUI Citations	9	20	30
Misdemeanor Citations	35	36	40
Traffic Citations	2,735	3,614	2,922
Traffic Accidents	394	359	409
Warrants Arrests	20	39	45
Dispatch Center:			
Medical Calls	1,829	1,915	1,970
Assist other Agencies	386	363	368
General Calls	23,737	28,433	28,216
Building Department			
Total Commercial Permits	135	215	310
Total Residential Permits	1,676	1,253	1,023
Number of Permits Issued	1,811	1,468	1,333
Total Construction Value	\$72,145,552	\$83,634,615	\$63,514,655
Growth Management			
Site Plans Approved	7	14	15
Clerk's Office			
Business Tax Receipts	990	1,016	1,018
Roads and Streets			
Potholes repaired	200	150	250
Street resurfacing (miles)	2.5	0	1.5
Street Micro-resurfacing (miles)	0	0	8.9
Library			
Total Circulation (library materials checked out)	119,549	117,519	126,376
Total Users of Public Internet Computers	24,225	28,340	27,846
Total Reference Transactions	22,320	20,226	23,042
Total Annual Programs	405	1,093	1,236
Total Program Attendance	5,103	7,844	7,093
Total number of registered card holders	7,217	6,704	7,684
Number of hours spent on public technology instruction	863	550	617
Total Library visitors	109,440	112,961	117,257
Parks and Recreation			
Number of Recreation Leases	5	8	12
Number of Bookings at the Community Building	594	660	575
Water			
Commercial Connections	256	276	329
Residential Connections	1,422	1,402	1,930
Total Connections	1,678	1,678	2,259
Total Equivalent Residential Units	2,499	2,507	3,529
Average Daily Consumption (gallons per day)	648,000	709,446	699,478
Treatment Capacity (gallons per day)	2,358,000	2,358,000	2,358,000
Reuse			
Commercial Connections	0	0	10
Residential Connections	0	0	0
Total Connections	0	0	10
Average Daily Consumption (gallons per day)	0	0	81,000
Wastewater			
Commercial Connections	118	135	169
Residential Connections	137	147	525
Total Connections	255	282	694
Total Equivalent Residential Units	736	765	1,636
Average Daily Sewage Treatment (gallons per day)	83,000	83,000	105,000
Treatment Capacity (gallons per day)	250,000	250,000	630,000

Note: The Town implemented GASB 44 in fiscal year 2006
Reuse water distribution started 6/12/2008

Sources: Various Town departments

TOWN OF LADY LAKE, FLORIDA
CAPITAL ASSET AND INFRASTRUCTURE STATISTICS
BY FUNCTION/PROGRAM
SEPTEMBER 30, 2008

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Police			
Stations (Includes substation)	2	1	1
Sworn Officers (positions filled)	25	29	29
Administration Units	3	3	3
Patrol Units	13	20	20
Motorcycle Units	0	2	2
Investigation Units	2	2	2
School Resource Officer Unit	0	1	1
K-9 Officer with Dog Unit	1	1	1
Support (Non-Sworn)	14	14	16
Roads and Streets			
Paved Roads (miles)	59.45	59.45	61.21
Unpaved Roads (miles)	2.51	2.51	2.51
Sidewalks (feet)	9,100	9,100	9,100
Land Annexations (acreage)	233.5	503.2	16.8
Culture and Recreation:			
Libraries	1	1	1
Acreage	54	54	54
Parks	4	4	4
Recreation Centers	1	1	1
Basketball Courts	1	1	1
Racquetball Handball Courts	4	4	4
Tennis Courts	2	2	2
Softball Fields	1	1	1
Baseball Fields	4	4	4
Playgrounds	1	1	1
Dog Park	1	1	1
Soccer Fields	3	3	3
Golf Driving Range	1	1	1
Water			
Water Mains (miles)	43.6	46.7	50.4
Storage Capacity (gallons)	550,000	550,000	565,000
Fire Hydrants	247	272	311
Water Plants	3	3	3
Reuse			
Water Mains (miles)	0	0	4.8
Storage Capacity (gallons)	0	0	1,200,000
Wastewater			
Sewers-Force Mains/Gravity (miles)	16.2	18.5	20.4
Treatment Capacity (gallons/daily)	250,000	250,000	630,000
Lift Stations	12	13	15

Note: The Town implemented GASB 44 in fiscal year 2006

Sources: Various Town departments

Shumacker, Johnston & Ross, PA

Certified Public Accountants

J. Cecil Shumacker, CPA
Robert E. Johnston, CPA (1982-2001)
W. Chet Ross, CPA

American Institute of
Certified Public Accountants

Florida Institute of
Certified Public Accountants

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*

March 16, 2009

Honorable Mayor and Members of
the Town Commission
Town of Lady Lake, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lady Lake, Florida, as of and for the year ended September 30, 2008, which collectively comprise the Town of Lady Lake, Florida's basic financial statements and have issued our report thereon dated March 16, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's

financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control.

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

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

Compliance and Other Matters

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

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



Shumacker, Johnston & Ross, PA

**TOWN OF LADY LAKE, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

FEDERAL AWARDS

Federal Grantor/ Program Title	Federal CFDA Number	Federal Revenues	Federal Expenditures	Federal through State Receipts
U.S. DEPARTMENT OF JUSTICE				
Pass through the Florida Office of the Attorney General: Victims of Crime Act Grant (total grant \$43,932) Contract #V6202	16.575	-	-	5,523
Pass through the Florida Department of Law Enforcement: Local Law Enforcement Block Grant - Special Equipment (total grant \$4,219) Contract #2008-JAGD-LAKE-7-Q0-075	16.738	4,219	4,219	4,219
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Pass through Lake County: Community Development Block Grant (total grant \$90,900)	14.239	90,900	90,900	-
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Pass through the Florida Department of Community Affairs: FEMA Disaster Relief - Tornado Agreement #07-SW-4;-06-45-02-517	97.036	55,195	24,787	30,408
FEMA Disaster Relief - T Storm Fay Agreement #08-PA-B9-06-45-13-617	97.036	-	24,552	-
U.S. DEPARTMENT OF TRANSPORTATION				
Pass through the Florida Department of Transportation: FHWA Emergency Relief Program - Debris Removal (total grant \$8,400)	20.205	-	-	6,340
FHWA Emergency Relief Program - Maint of Traffic (total grant \$50,000)	20.205	-	-	3,239
Total Federal Awards		<u>\$ 150,314</u>	<u>\$ 144,458</u>	<u>49,729</u>

Continued on next page

(Federal Single Audit not required)

TOWN OF LADY LAKE, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2008

STATE OF FLORIDA FINANCIAL ASSISTANCE

<u>State Agency/ Program Title</u>	<u>State CSFA Number</u>	<u>State Revenues</u>	<u>State Expenditures</u>	<u>State Receipts</u>
FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION				
Pass through the St. Johns River Water Management District: Florida Water Protection & Sustainability Program (Total Grant \$200,000) Contract #SJ 38012	37.066	\$ -	\$ -	\$ 180,000
FLORIDA DEPARTMENT OF COMMUNITY AFFAIRS				
FEMA Disaster Relief - Tornado Agreement #07-SW-4;-06-45-02-517	52600308	8,969	3,968	5,001
FEMA Disaster Relief - T Storm Fay Agreement #08-PA-B9-06-45-13-617		-	4,092	-
Total State Financial Assistance		<u>\$ 8,969</u>	<u>\$ 8,060</u>	<u>185,001</u>
Total State Receipts				<u>\$ 234,730</u>

(State Single Audit not required)

NOTE: This schedule was prepared using the modified accrual basis of accounting for *Federal and State Revenues and Expenditures*, and the cash basis for *Federal through State Receipts* and *State Receipts*.

Shumacker, Johnston & Ross, PA

Certified Public Accountants

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Robert E. Johnston, CPA (1982-2001)
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INDEPENDENT AUDITOR'S REPORT ON EXAMINATION OF MANAGEMENT'S ASSERTION ABOUT COMPLIANCE WITH SPECIFIED REQUIREMENTS

March 16, 2009

Honorable Mayor and Members of the
Town Commission
Town of Lady Lake, Florida

We have examined management's assertion included in its representation letter dated March 16, 2009, that the Town of Lady Lake, Florida complied with the allowable cost requirements of the grants and aids appropriations identified in the Schedule of Expenditures of Federal Awards and State Financial Assistance for the year ended September 30, 2008. Management is responsible for the Town of Lady Lake, Florida's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the Town's compliance based on our examination.

Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Town's compliance with specified requirements.

In our opinion, management's assertion that the Town of Lady Lake, Florida complied with the allowable cost requirements of the grants and aids appropriations identified in the Schedule of Expenditures of Federal Awards and State Financial Assistance during the year ended September 30, 2008 is fairly stated, in all material respects.

This report is intended for the information of the Town Commission, management, and applicable State of Florida agencies and is not intended and should not be used by anyone other than these specified parties.



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Shumacker, Johnston & Ross, PA

Certified Public Accountants

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MANAGEMENT LETTER

March 16, 2009

Honorable Mayor and Members of
the Town Commission
Town of Lady Lake, Florida

We have audited the basic financial statements of the Town of Lady Lake, Florida as of and for the year ended September 30, 2008, and have issued our report thereon dated March 16, 2009.

The following comments and recommendations are provided as required by Chapter 10.550, Section 10.554(1)(i) *Rules of the Auditor General*, which govern the conduct of local government entity audits performed in the State of Florida.

1. There were no significant findings or recommendations made in the preceding annual financial audit.
2. The Town is in compliance with Section 218.415 *Florida Statutes* regarding the investment of public funds.
3. We have made no recommendations to improve the Town's present financial management, accounting procedures, and internal controls.
4. We did not discover any violations of laws, regulations, contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential.
- 5a. For matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors and based on professional judgment, we have not reported any violations of laws, regulations, contracts or grant agreements or abuse that have occurred, or are likely to have occurred.

- 5b. We have not reported any control deficiencies that are not significant deficiencies, including but not limited to:
1. Improper or inadequate accounting procedures.
 2. Failures to properly record financial transactions.
 3. Inaccuracies, shortages or defalcations. Also, we did not either discover any instances of fraud, or have any instances of fraud come to our attention.
6. The name of the primary government is the Town of Lady Lake, Florida, created by special act of the Florida Legislature, Chapter 12956, Laws of Florida, 1927. There are no component units included within the reporting entity.
- 7a. The Town has not met any of the financial emergency conditions described in Section 218.503(1), *Florida Statutes*.
- 7b. The financial report 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 year ended September 30, 2008.
- 7c. Financial condition assessment procedures pursuant to Rule 10.556(7) were applied during the audit of the basic financial statements. The Town is not, and during the fiscal year, was not experiencing deteriorating financial conditions which may cause a financial emergency described in Section 218.503(1), *Florida Statutes*. Accordingly, we have made no recommendations addressing deteriorating financial conditions in accordance with Rule 10.557(6).

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



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