

Town of Lady Lake, Florida



Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2012

Legend:
The Town of Lady Lake Log Cabin
Home of the Lady Lake Chamber of Commerce

Photo taken by:
Kristal Learn
Accounting Clerk
Town of Lady Lake Finance Dept.

TOWN OF LADY LAKE, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2012

Prepared by:
Kathy Oster, CPA, CGFO
Finance Director

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**TOWN OF LADY LAKE, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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March 11, 2013

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, 2012, 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 nine 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, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting

Honorable Mayor, Commissioners
and Citizens of the Town of
Lady Lake, Florida
March 11, 2013

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, 2012, 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 9.21 square miles and serves a population of 13,909. 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 FY2012 property tax millage rate of \$3.2808 per \$1,000 of taxable value was the third lowest municipal levy of the fourteen municipalities located 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
and Citizens of the Town of
Lady Lake, Florida
March 11, 2013

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, reuse 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. Authority to adjust the various department budgets is held by the Town Commission. The legally adopted annual operating budgets consist of: (1) the General Fund; (2) Sales Tax 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.

While the Lake, Sumter and Marion County area is still attractive to retirees from all over the world, the decline in real estate values have curtailed mobility and slowed the influx of retirees to the area. This is reflected in the flattening of the population growth of The Town. The real estate and construction industries in particular, have been hard hit by the economic

Honorable Mayor, Commissioners
and Citizens of the Town of
Lady Lake, Florida
March 11, 2013

downturn. The Town had no significant commercial construction projects in fiscal year 2012.

Retail and service industries continue to be in high demand. One hundred and twenty eight new businesses opened during the year in retail, restaurants, professional offices, real estate, banking and commercial public service. Some of the new restaurants and retail openings include: Luigino's Restaurant, Flippers Pizzeria, Tradewinds Golf Carts, Pinch A Penny, Luxury 4 Less Furniture, Family Christian Store and Bermuda Bay Clothing. Neurology Center of Florida, Doctors Laboratory Inc., Therapy For You and The Salt Room are a few of the new Health Care and Spa businesses that opened during the year.

Lake County's September 2012 unemployment rate was 8.9%. This is down 2.3% for the same time period last year. This rate is higher than the state average of 8.4% and the United States average of 7.8% for the same period.

Taxable values for real and personal property has decreased by 14.7% from fiscal year 2008, when the Town of Lady Lake's property value was at its peak. Amendment 1 was approved by the Florida electorate on January 29, 2008 and its impact contributed to the limited growth in taxable values. Taxable values for FY2012 fell 2.6% from FY2011. The Town Commission elected to keep the millage rate at \$3.2808 per \$1,000 of taxable value for FY2012 and FY2013.

Long-term financial planning. The General Fund's unassigned fund balance at September 30, 2012 is \$5,765,899. This balance represents 66% of the FY2013 General Fund budget when the pass thru costs of the contracted fire services and the debt service on the library (funded from a transfer from the Sales Tax Revenue Fund) are removed.

Relevant financial policies. The one cent sales surtax revenue (Sales Tax Revenue 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 this revenue each year. In October 2004, the Town Commission approved borrowing \$6,000,000 and pledged this 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 this revenue each year. In November 2009, the Town Commission approved borrowing \$3,400,000 and pledged the remainder of the one cent sales surtax revenues for repayment of the debt. The proceeds of the loan paid for the construction of the new Lady Lake Library which was completed in fiscal year 2011. The debt service payments are made monthly and will require the use of \$204,000 of this revenue each year until October 2014 when the debt service will increase to \$948,000 per year.

Honorable Mayor, Commissioners
and Citizens of the Town of
Lady Lake, Florida
March 11, 2013

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, 2011. This was the seventeenth 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. Special appreciation is expressed for the contributions made throughout the year by Pam Winegardner, Debbie Rodriguez, Mary Ann Autorino and Kristal Learn.

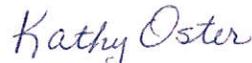
Special appreciation is also expressed to the Town's Auditor, Chet Ross of Shumacker, Johnston & Ross, PA, who contributed valuable reporting suggestions in addition to adding credibility to the contents therein.

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,



Kristen Kollgaard
Town Manager



Kathy Oster, CPA, CGFO
Finance Director

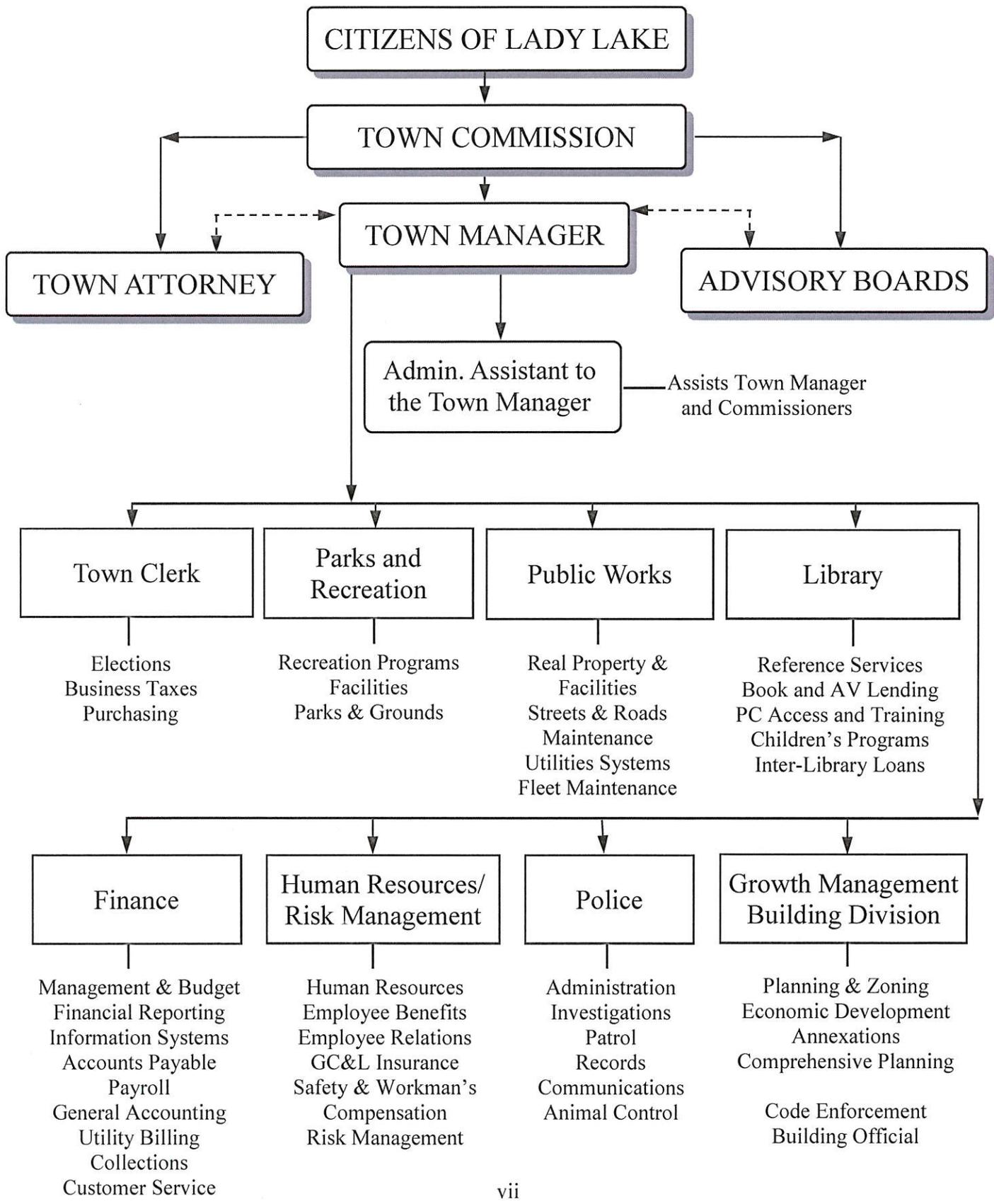


**TOWN OF LADY LAKE, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**TOWN COMMISSION AND OFFICIALS
AT SEPTEMBER 30, 2012**

Mayor - Commissioner - Ward 5.....	James A. Richards
Commissioner - Ward 1.....	Ruth Kussard
Commissioner - Ward 2.....	Anthony Holden
Commissioner - Ward 3.....	Dan Vincent
Commissioner - Ward 4.....	Paul F. Hannan
Town Manager/Town Clerk.....	Kristen L. Kollgaard
Finance Director.....	Kathy Oster
Director of Human Resources.....	Tia O’Neal
Director of Growth Management.....	Thad M. Carroll
Director of Library and Information Services.....	Marilynn L. Nesbitt
Parks and Recreation Director.....	Michael D. Burske
Police Chief.....	Chris McKinstry
Public Works Director.....	C. T. Eagle
Town Attorney.....	Derek A. Schroth
Town Auditors.....	Shumacker, Johnston & Ross, PA

TOWN OF LADY LAKE ORGANIZATIONAL CHART



Town of Lady Lake, Florida

Certificate of Achievement

For the year ended September 30, 2011

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, 2011. 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, 2011

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



Christopher P. Mouill

President

Jeffrey R. Emer

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 11, 2013

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, 2012, 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, 2012 and 2011, 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, 2012, 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, 2012 and 2011, 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, 2012 and 2011, 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 11, 2013 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, 2012**

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, 2012. 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 - v 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 \$43,465,952 (net assets). Of this amount, \$8,342,314 (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 \$1,479,174 of which \$737,137 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 \$8,552,449 an increase of \$1,111,635 in comparison with the prior year. Of this amount, \$5,765,899 or 67% is unassigned and available for use within the Town's fund designation and fiscal policies.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,765,899, an increase of \$704,874 in comparison with the prior year. This represents 67% of total General Fund expenditures.
- The Town's total debt decreased by \$905,149 during the current fiscal year. The reduction was due to scheduled debt service payments on outstanding debt issue.

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, 2012

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, 2012**

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.

**TOWN OF LADY LAKE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012**

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31 through 51 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 police officers. 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.

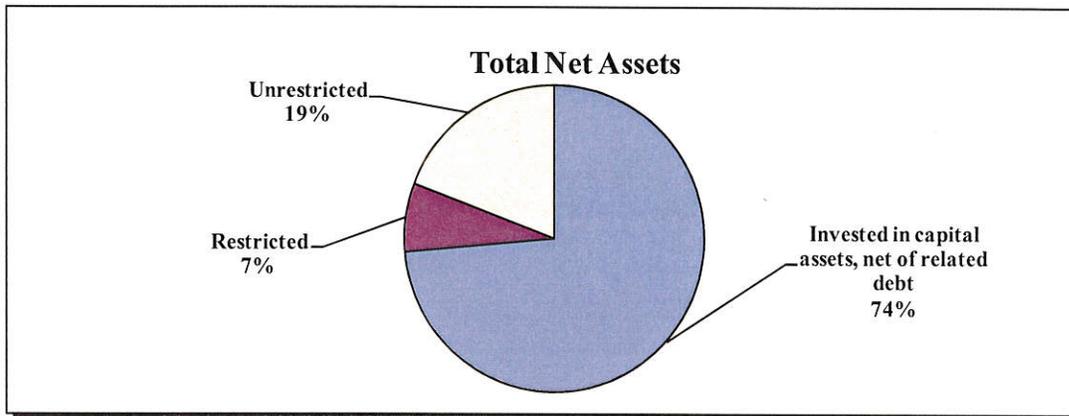
GOVERNMENT-WIDE FINANCIAL ANALYSIS

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 \$43,465,952 as of September 30, 2012. 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

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 9,091,770	\$ 8,013,174	\$ 4,974,968	\$ 4,571,963	\$ 14,066,738	\$ 12,585,137
Capital assets	14,076,996	14,523,777	21,331,493	21,776,427	35,408,489	36,300,204
Total Assets	23,168,766	22,536,951	26,306,461	26,348,390	49,475,227	48,885,341
Current and other liabilities	411,933	384,103	561,657	564,543	973,590	948,646
Long-term liabilities outstanding	3,553,460	3,691,512	1,482,225	2,258,405	5,035,685	5,949,917
Total Liabilities	3,965,393	4,075,615	2,043,882	2,822,948	6,009,275	6,898,563
Net Assets:						
Invested in capital assets, net of related debt	10,834,189	11,155,386	21,148,454	20,844,418	31,982,643	31,999,804
Restricted	1,856,340	1,634,060	1,284,655	1,139,167	3,140,995	2,773,227
Unrestricted	6,512,844	5,671,890	1,829,470	1,541,857	8,342,314	7,213,747
Total Net Assets	\$ 19,203,373	\$ 18,461,336	\$ 24,262,579	\$ 23,525,442	\$ 43,465,952	\$ 41,986,778

**TOWN OF LADY LAKE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012**



The largest portion of the Town's net assets (\$31,982,643 or 74%) 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 (\$3,140,995 or 7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$8,342,314 or 19%) may be used to meet the government's ongoing obligations to citizens and creditors.

As of September 30, 2012, 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 \$222,280 in the restricted net assets reported in connection with the Town's governmental activities. The major portion of this increase (\$226,476) was due to the collection of infrastructure surtax revenue (Capital Improvements) that was not spent.

The business-type activities had an increase of \$737,137 or 3.1% in total net assets compared to the prior year. The invested in capital assets, net of related debt, increased by \$304,036 or 1.46%. The increase was largely due to depreciation (\$1,012,469) net of scheduled debt payments (\$779,565). The restricted net assets increased by \$145,488 or 12.8% largely due to collection of impact fees.

**TOWN OF LADY LAKE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012**

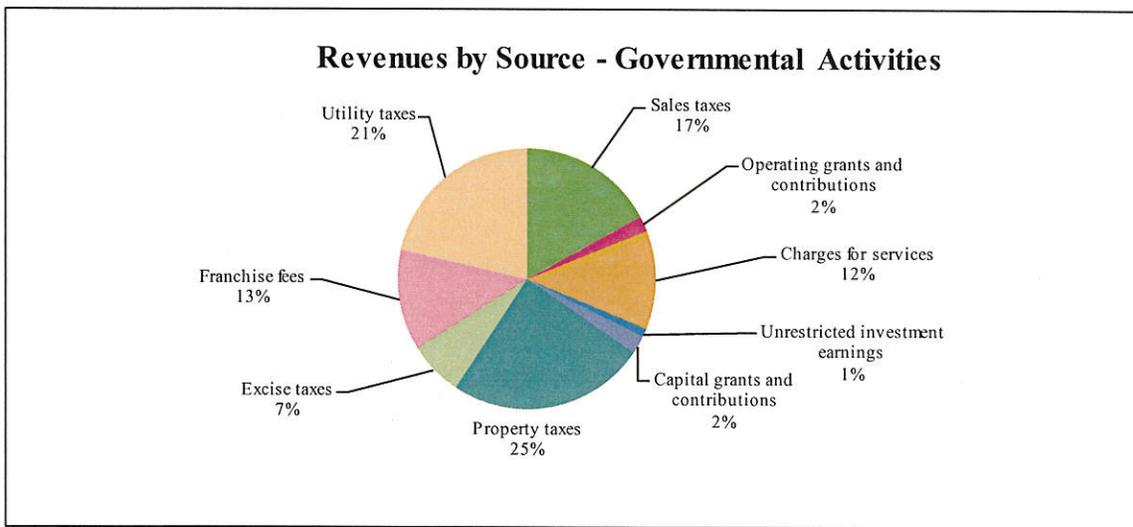
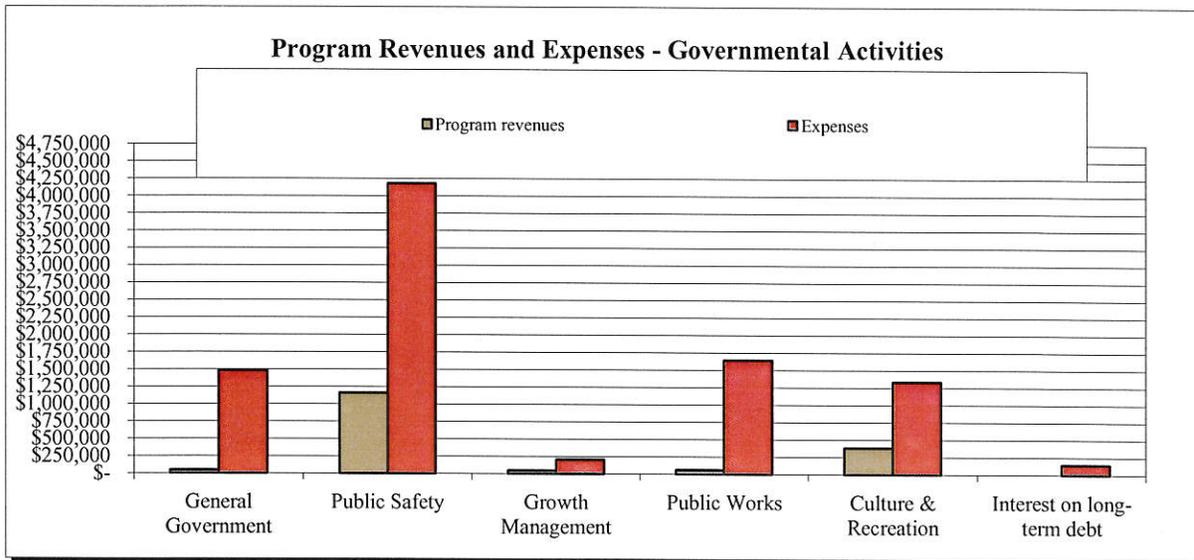
Statement of activities. As noted earlier, the statement of activities presents information showing how the Town's net assets changed during the current year. The following table reflects the condensed statement of activities for the current fiscal year as compared to the prior fiscal year.

TOWN OF LADY LAKE'S CHANGES IN NET ASSETS

	Governmental		Business-type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 1,265,971	\$ 1,176,702	\$ 2,139,983	\$ 2,103,889	\$ 3,405,954	\$ 3,280,591
Operating grants and contributions	198,181	396,452	432	1,890	198,613	398,342
Capital grants and contributions	234,178	493,353	708,452	34,488	942,630	527,841
General revenues:						
Property taxes	2,551,573	2,611,571	-	-	2,551,573	2,611,571
Sales taxes	1,763,033	1,751,849	-	-	1,763,033	1,751,849
Franchise fees	1,295,015	1,365,739	-	-	1,295,015	1,365,739
Utility taxes	2,208,800	1,980,086	-	-	2,208,800	1,980,086
Excise taxes	704,042	703,755	-	-	704,042	703,755
Unrestricted investment earnings	112,217	130,564	36,335	22,929	148,552	153,493
Total Revenues	10,333,010	10,610,071	2,885,202	2,163,196	13,218,212	12,773,267
Expenses:						
General Government	1,480,301	1,526,644	-	-	1,480,301	1,526,644
Public Safety	4,183,461	4,252,583	-	-	4,183,461	4,252,583
Growth Management	205,076	267,673	-	-	205,076	267,673
Public Works	1,642,133	1,531,843	-	-	1,642,133	1,531,843
Culture and Recreation	1,334,575	1,195,056	-	-	1,334,575	1,195,056
Interest on long-term det	143,289	148,077	-	-	143,289	148,077
Utility Services	-	-	2,750,203	2,682,351	2,750,203	2,682,351
Total Expenses	8,988,835	8,921,876	2,750,203	2,682,351	11,739,038	11,604,227
Change in net assets before transfers	1,344,175	1,688,195	134,999	(519,155)	1,479,174	1,169,040
Transfers	(602,138)	(590,127)	602,138	590,127	-	-
Change in net assets	742,037	1,098,068	737,137	70,972	1,479,174	1,169,040
Net Assets - 10/1/2011	18,461,336	17,363,268	23,525,442	23,454,470	41,986,778	40,817,738
Net Assets - 9/30/2012	\$ 19,203,373	\$ 18,461,336	\$ 24,262,579	\$ 23,525,442	\$ 43,465,952	\$ 41,986,778

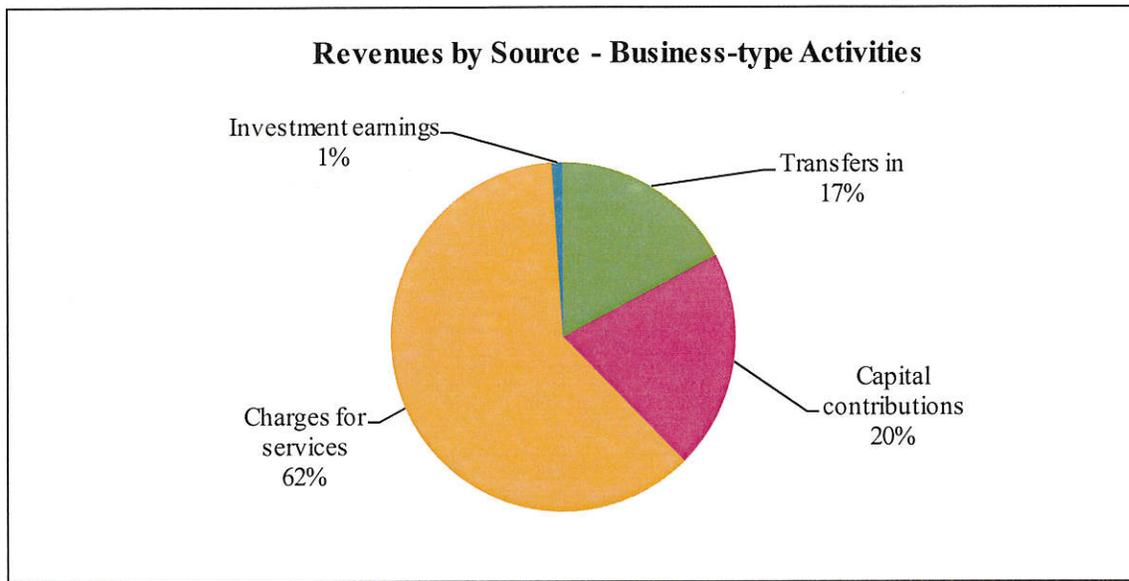
**TOWN OF LADY LAKE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012**

Governmental activities. Governmental activities increased the Town's net assets by \$742,037. A portion of this (\$226,476) was the collection of the one cent sales surtax revenue that was not spent and the remainder was excess revenues collected over estimates and reduction of personal services expenditures due to general vacancies and hiring replacement staff at lower salaries due to the retirement of seasoned employees.



**TOWN OF LADY LAKE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012**

Business-type activities. Business-type activities increased the Town's net assets by \$737,137. The increase is due primarily to the increase in capital assets as a result of developer contributions of water and sewer infrastructure of \$493,948 and collection of water, sewer and reuse impact fees of \$214,504. The percentage breakdown of the business-type activities revenues can be seen below. The transfers in decreased by 2%, investment earnings remained the same at 1%, charges for services increased by 15% compared to prior year. Capital contributions increased 19% due to developer contributions and an increased collection of impact fees this year.



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 unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2012, the Town's governmental funds reported combined ending fund balances of \$8,552,449, an increase of \$1,111,635 in comparison with the prior year. Approximately 67% of this total amount (\$5,765,899) constitutes the unassigned fund balance that is available for spending at the Town's discretion. The remainder of the fund balance is not available for new spending. The various constraints placed on these funds are as follows: Non-spendable \$107,936 for Prepaids and Real Property Held For Resale; Restricted \$1,856,340 for Education, Police Training & Equipment, Recreation and Library Capital Improvements and Building Inspections; Assigned \$12,768 for Tree Beautification and Police Officers' Trust. Restricted for Infrastructure in the Sales Tax Revenue Fund was \$809,506.

**TOWN OF LADY LAKE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012**

Additional information on these funds can be found in Note 9 on page 44 of this report.

The General Fund is the primary operating fund of the Town. As of the end of fiscal year 2012, the fund balance of the General Fund was \$7,742,943, of which \$1,977,044 was dedicated for purposes other than general spending. The total fund balance increased by \$885,159 of which \$704,874 increased the unassigned fund balance. This was a result of excess of revenues collected over estimates; a reduction in personal services expenditures due to general vacancies; and hiring replacement staff at lower salaries due to the retirement of seasoned employees. Otherwise non-spendable, restricted or assigned fund balance increased by \$180,285, largely due to \$234,178 combined collection of Library and Parks and Recreation Impact Fees.

The Sales Tax Revenue Fund had a fund balance of \$809,506 at the end of the fiscal year, a increase of \$226,476 from the prior year. Of this amount, 100% is restricted for infrastructure improvements. The increase is the result of net of excess of revenue collected over debt services payments for the current year.

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 2012, the Town's Utility Fund reported unrestricted net assets of \$1,829,470, an increase of \$287,613 from the prior year. 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 minor revisions to the original appropriations approved by the Town Commission. The General Fund changes resulted in an increase to the appropriations of approximately .37% or \$33,626. The increase is due to three primary sources: establishing the revenue and expenditure budget for two grants received during the year; establishing revenue and expenditures for donations and appropriating the use of restricted funds. The Sales Tax Revenue Fund Budget and the Utilities Fund Budget were unchanged.

CAPITAL ASSETS

The Town's investment in capital assets for its governmental and business-type activities as of September 30, 2012, amounts to \$35,408,489 (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 Town's investment in capital assets for the current fiscal year was \$902,466, of which \$493,948 was from water/sewer infrastructure conveyed from a private developer. The Town's net capital assets decreased \$891,715 from the prior year. The change is primarily due to depreciation expense exceeding capital investments.

**TOWN OF LADY LAKE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012**

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

Governmental funds:

- Engineering Services for Sewer Line/Drainage Project \$68,488
- 3 R720 Servers for Town Hall and Police Department \$37,500
- Backstop Fencing at Hicks Field \$27,190
- Unmarked 2012 Gray Dodge Charger for Police Department \$24,234
- Marked 2012 White Dodge Charger for Police Department \$23,810
- Grasshopper tractor with equipment for Public Works Department \$16,631
- Grasshopper mower with deck for Public Works Department \$15,786
- HD Design Jet NA/LA Scanner for Growth Management \$15,319
- Smithco Super Star 16 HP Mower for Parks & Recreation \$12,755
- 8 Dell E6520 Laptops for Police Department \$12,145
- 2 Icop in-car DVR systems for Police Department \$9,294
- 6 Defibrillators/Access for Police Department \$8,400
- Torro Z500 60" Deck Mower for Parks & Recreation \$7,121
- Audio System for Commission Chambers \$6,604
- Ammco 4000SP Brake Lathe for Public Works Department \$5,899

Business-type funds:

- Supervisory Control And Data Acquisition (SCADA) System for Sewer Department \$25,000
- Trailer with Hose Reel Kit for Water Department \$28,482
- Fence for Well #1 on Clay Avenue \$18,497
- Conveyance of 5,500 feet of Water, Sewer and Reuse Infrastructure \$493,948

TOWN OF LADY LAKE'S CAPITAL ASSETS
(net of depreciation)

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 1,660,349	\$ 1,660,349	\$ 509,453	\$ 509,453	\$ 2,169,802	\$ 2,169,802
Buildings	9,417,121	9,824,915	236,164	247,933	9,653,285	10,072,848
Utility systems			20,193,140	20,563,223	20,193,140	20,563,223
Improvements other than buildings	1,048,444	1,092,067	-	-	1,048,444	1,092,067
Furniture and equipment	678,423	683,749	392,736	454,160	1,071,159	1,137,909
Infrastructure	1,092,005	1,150,531	-	-	1,092,005	1,150,531
Construction in Progress	180,654	112,166	-	1,658	180,654	113,824
Total Capital Assets:	<u>\$14,076,996</u>	<u>\$14,523,777</u>	<u>\$21,331,493</u>	<u>\$21,776,427</u>	<u>\$35,408,489</u>	<u>\$36,300,204</u>

Additional information on the Town's capital assets can be found in Note 6 on pages 39-40 of this report.

**TOWN OF LADY LAKE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012**

LONG-TERM DEBT

At the end of fiscal year 2012, the Town had total long-term liability outstanding of \$5,035,685. Of this amount, \$3,242,807 is the balance of the Library expansion borrowing secured by the one cent sales surtax revenue and \$1,458,035 is utility debt secured by the one cent sales surtax revenue. The balance of \$334,843 represents amounts due for compensated absences.

The Town's total debt decreased by \$905,149 for fiscal year 2012 due to normal principal debt service payments.

Additional information on the Town's long-term debt can be found in Note 8 on pages 41-43 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.

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, (tax year 2008, fiscal year 2009) with the exception of the ten percent (10%) assessment cap on non-homestead property which became effective on January 1, 2009 (tax year 2009, fiscal year 2010).

The Town's net taxable value of commercial and residential property decreased 2.6% in tax year 2012 as compared to tax year 2011. This decrease in taxable value was due to 2.66% of reduced taxable values due to market conditions and Amendment 1 provisions which was partially offset by .30% of new construction taxable values. Despite this reduction in taxable value which reduced ad valorem tax revenue, the Town Commission set the millage rate at 3.2808 mills for fiscal year 2013 which was the same rate as fiscal year 2012.

**TOWN OF LADY LAKE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012**

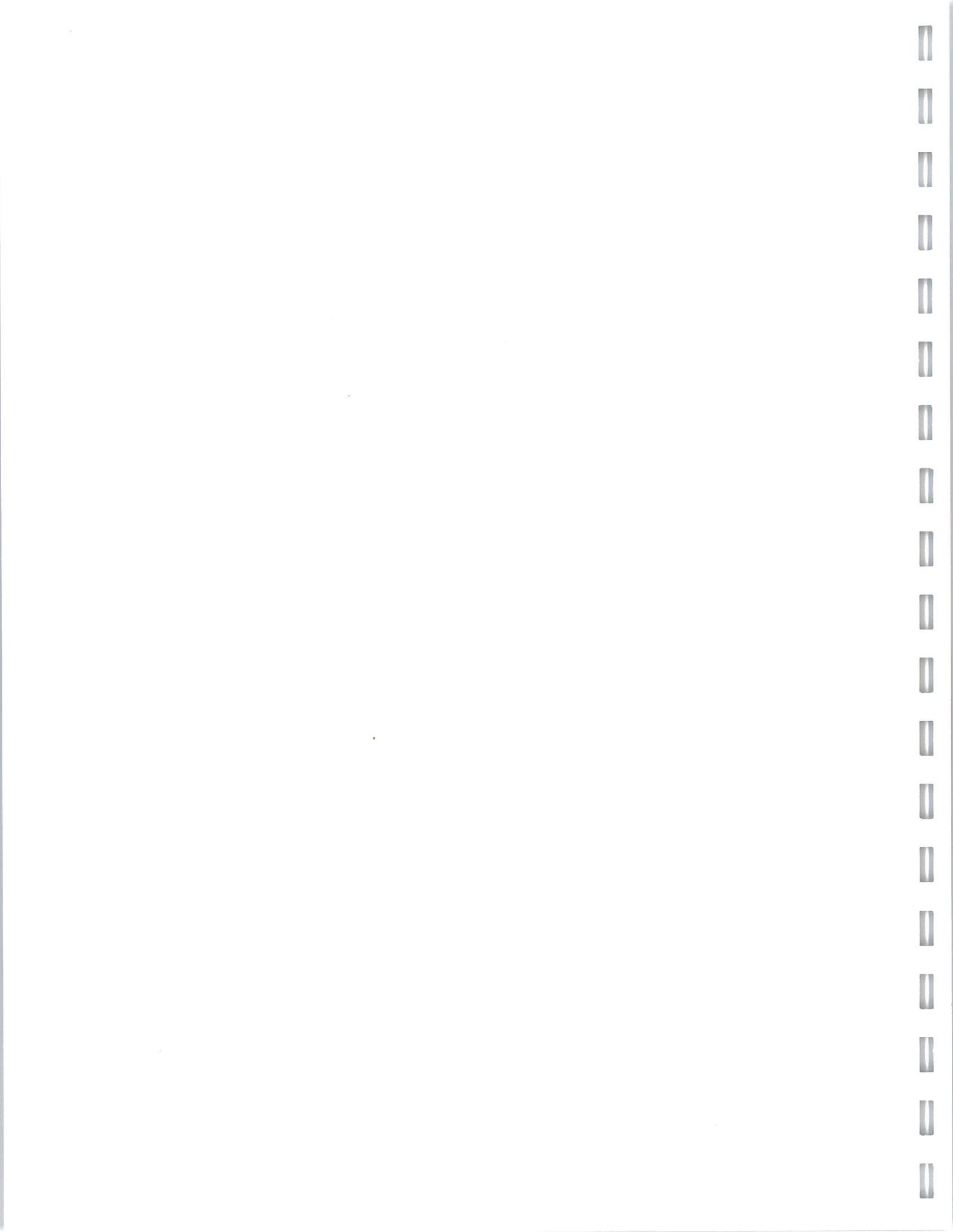
In November 2009, the Town borrowed \$3,400,000 for construction of a new Library. Construction was completed in April 2011. Repayment of the debt is coming from the one cent sales surtax revenue that is authorized through December 31, 2017.

Effective October 1, 2012, the water and reuse rates were increased by 2.9%, which was the increase in CPI-U from January 2011 to January 2012.

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.

BASIC FINANCIAL STATEMENTS



TOWN OF LADY LAKE, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012

<u>ASSETS</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
Cash and Equivalents	\$ 3,437,571	\$ 1,517,861	\$ 4,955,432
Investments	4,888,409	129,071	5,017,480
Receivables (net of allowance for uncollectibles)	247,973	230,896	478,869
Due from Other Governments	269,172	-	269,172
Internal Balances	3,117	(3,117)	-
Assets Held for Resale	50,900	-	50,900
Inventory and Prepaid Items	57,036	53,374	110,410
Restricted Cash	-	1,769,618	1,769,618
Deferred Charges	-	86,094	86,094
Sewer Capacity Reservation Agreement (net of accumulated amortization)	-	1,191,171	1,191,171
Capital Assets (net of accumulated depreciation):			
Land	1,660,349	509,453	2,169,802
Buildings and Utility Systems	9,417,121	20,429,304	29,846,425
Improvements Other Than Buildings	1,048,444	-	1,048,444
Equipment	678,423	392,736	1,071,159
Infrastructure	1,092,005	-	1,092,005
Construction in Progress	180,654	-	180,654
Net Pension Obligation	137,592	-	137,592
Total Assets	23,168,766	26,306,461	49,475,227
 <u>LIABILITIES</u>			
Accounts Payable	276,142	32,134	308,276
Accrued Liabilities	77,055	8,078	85,133
Accrued Interest Payable	11,619	4,726	16,345
Customer Deposits	-	484,962	484,962
Due to Other Governments	1,411	-	1,411
Unearned Revenue	45,706	31,757	77,463
Noncurrent Liabilities:			
Due within one year	271,800	704,231	976,031
Due in more than one year	3,281,660	777,994	4,059,654
Total Liabilities	3,965,393	2,043,882	6,009,275
 <u>NET ASSETS</u>			
Invested in Capital Assets, net of related debt	10,834,189	21,148,454	31,982,643
Restricted for:			
Capital Improvements	253,198	1,284,655	1,537,853
Inspections	7,339	-	7,339
Police	4,957	-	4,957
Education	1,590,846	-	1,590,846
Unrestricted	6,512,844	1,829,470	8,342,314
Total Net Assets	\$ 19,203,373	\$ 24,262,579	\$ 43,465,952

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, 2012**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental Activities:				
General Government	\$ 1,480,301	\$ 20,583	\$ 26,147	\$ -
Public Safety	4,183,461	1,148,897	14,546	-
Growth Management	205,076	44,806	-	-
Public Works	1,642,133	19,183	38,889	-
Culture and Recreation	1,334,575	32,502	118,599	234,178
Interest on Long-term Debt	143,289	-	-	-
Total Governmental Activities	8,988,835	1,265,971	198,181	234,178
Business-Type Activities				
Water	1,157,928	1,070,237	432	248,497
Sewer	1,266,414	710,978	-	459,955
Garbage	325,861	358,768	-	-
Total Business-Type Activities	2,750,203	2,139,983	432	708,452
Total	\$ 11,739,038	\$ 3,405,954	\$ 198,613	\$ 942,630

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

GOVERNMENTAL BUSINESS-TYPE

<u>ACTIVITIES</u>	<u>ACTIVITIES</u>	<u>TOTAL</u>
\$ (1,433,571)	\$ -	\$ (1,433,571)
(3,020,018)	-	(3,020,018)
(160,270)	-	(160,270)
(1,584,061)	-	(1,584,061)
(949,296)	-	(949,296)
(143,289)	-	(143,289)
<u>(7,290,505)</u>	<u>-</u>	<u>(7,290,505)</u>
-	161,238	161,238
-	(95,481)	(95,481)
-	32,907	32,907
<u>-</u>	<u>98,664</u>	<u>98,664</u>
<u>(7,290,505)</u>	<u>98,664</u>	<u>(7,191,841)</u>
2,551,573	-	2,551,573
1,763,033	-	1,763,033
1,295,015	-	1,295,015
2,208,800	-	2,208,800
704,042	-	704,042
112,217	36,335	148,552
(602,138)	602,138	-
<u>8,032,542</u>	<u>638,473</u>	<u>8,671,015</u>
742,037	737,137	1,479,174
<u>18,461,336</u>	<u>23,525,442</u>	<u>41,986,778</u>
<u>\$ 19,203,373</u>	<u>\$ 24,262,579</u>	<u>\$ 43,465,952</u>

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**TOWN OF LADY LAKE, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012**

<u>ASSETS</u>	<u>GENERAL</u>	<u>SALES TAX REVENUE</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Cash and Equivalents	\$ 2,730,499	\$ 707,072	\$ 3,437,571
Investments	4,888,409	-	4,888,409
Accounts Receivable (net of allowance for uncollectibles)	247,973	-	247,973
Due from Other Funds	3,117	-	3,117
Due from Other Governments	166,738	102,434	269,172
Real Property Held for Resale	50,900	-	50,900
Prepaid Items	57,036	-	57,036
Total Assets	\$ 8,144,672	\$ 809,506	\$ 8,954,178
 <u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES:			
Accounts Payable	\$ 276,142	\$ -	\$ 276,142
Accrued Liabilities	77,055	-	77,055
Due to Other Governments	1,411	-	1,411
Deferred Revenue	1,415	-	1,415
Unearned Revenue	45,706	-	45,706
Total Liabilities	401,729	-	401,729
FUND BALANCES:			
Nonspendable	107,936	-	107,936
Restricted	1,856,340	809,506	2,665,846
Assigned	12,768	-	12,768
Unassigned	5,765,899	-	5,765,899
Total Fund Balances	7,742,943	809,506	8,552,449
Total Liabilities and Fund Balances	\$ 8,144,672	\$ 809,506	
 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 \$22,006,941 less accumulated depreciation of \$7,929,945.			14,076,996
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			1,415
Net pension obligation is not an available financial resource and, therefore, is not reported as an asset in the funds.			137,592
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 bank loans \$3,242,807, accrued interest \$11,619 and compensated absences \$310,653.			(3,565,079)
NET ASSETS OF GOVERNMENTAL ACTIVITIES			\$ 19,203,373

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, 2012

	<u>GENERAL</u>	<u>SALES TAX REVENUE</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES:			
Taxes	\$ 6,333,553	\$ 1,160,271	\$ 7,493,824
Licenses and Permits	290,528	-	290,528
Intergovernmental	1,253,675	-	1,253,675
Charges for Services	177,124	-	177,124
Fines and Forfeitures	43,908	-	43,908
Miscellaneous	1,132,055	343	1,132,398
Total Revenues	<u>9,230,843</u>	<u>1,160,614</u>	<u>10,391,457</u>
EXPENDITURES:			
Current:			
General Government	1,398,473	-	1,398,473
Public Safety	4,150,583	-	4,150,583
Growth Management	215,450	-	215,450
Public Works	1,541,586	-	1,541,586
Culture and Recreation	1,022,768	-	1,022,768
Debt Service:			
Principal	125,584	-	125,584
Interest	145,788	-	145,788
Total Expenditures	<u>8,600,232</u>	<u>-</u>	<u>8,600,232</u>
Excess of Revenues Over Expenditures	<u>630,611</u>	<u>1,160,614</u>	<u>1,791,225</u>
OTHER FINANCING SOURCES (USES):			
Transfers In	332,000	-	332,000
Transfers Out	-	(934,138)	(934,138)
Sale of Capital Assets	1,802	-	1,802
Loss on Property Held for Resale	(39,255)	-	(39,255)
Lawsuit Settlement	(39,999)	-	(39,999)
Total Other Financing Sources (Uses)	<u>254,548</u>	<u>(934,138)</u>	<u>(679,590)</u>
Net Change in Fund Balances	885,159	226,476	1,111,635
Fund Balance, Beginning of Year	<u>6,857,784</u>	<u>583,030</u>	<u>7,440,814</u>
Fund Balance, End of Year	<u>\$ 7,742,943</u>	<u>\$ 809,506</u>	<u>\$ 8,552,449</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, 2012**

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

Net Change in Fund Balances - Total Governmental Funds	\$ 1,111,635
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 depreciation, \$780,054 exceeded capital outlays \$333,273, in the current period.	(446,781)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. Infrastructure surtaxes, \$(28,653). Communications Services Tax \$20,602. Federal Grants \$(49,146).	(57,197)
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	(1,250)
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.	2,499
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.	125,584
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.	12,468
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.	(4,921)
Change in Net Assets of Governmental Activities	\$ 742,037

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, 2012

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Taxes	\$ 6,208,661	\$ 6,208,661	\$ 6,333,553	\$ 124,892
Licenses and Permits	226,700	226,700	290,528	63,828
Intergovernmental	1,331,611	1,342,416	1,253,675	(88,741)
Charges for Services	169,500	169,500	177,124	7,624
Fines and Forfeitures	34,900	34,900	43,908	9,008
Miscellaneous	819,264	823,299	1,132,055	308,756
Total Revenues	8,790,636	8,805,476	9,230,843	425,367
EXPENDITURES:				
Current:				
General Government	1,540,471	1,543,471	1,398,473	144,998
Public Safety	4,433,735	4,461,344	4,150,583	310,761
Growth Management	239,448	237,848	215,450	22,398
Public Works	1,595,201	1,595,201	1,541,586	53,615
Culture and Recreation	1,050,860	1,055,477	1,022,768	32,709
Debt Service	271,372	271,372	271,372	-
Total Expenditures	9,131,087	9,164,713	8,600,232	564,481
Excess (Deficiency) of Revenues Over (Under) Expenditures	(340,451)	(359,237)	630,611	989,848
OTHER FINANCING SOURCES:				
Transfers In	332,000	332,000	332,000	-
Sale of Capital Assets	-	-	1,802	1,802
Sale of Property Held for Resale	-	-	(39,255)	(39,255)
Lawsuit Settlement	-	-	(39,999)	(39,999)
Total Other Financing Sources	332,000	332,000	254,548	(77,452)
Net Change in Fund Balance	(8,451)	(27,237)	885,159	912,396
Fund Balance, Beginning of Year	6,857,784	6,857,784	6,857,784	-
Fund Balance, End of Year	\$ 6,849,333	\$ 6,830,547	\$ 7,742,943	\$ 912,396

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, 2012**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:				
Taxes	\$ 1,100,000	\$ 1,100,000	\$ 1,160,271	\$ 60,271
Miscellaneous	-	-	343	343
Total Revenues	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,160,614</u>	<u>60,614</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	<u>(934,138)</u>	<u>(934,138)</u>	<u>(934,138)</u>	-
Total Other Financing Sources (Uses)	<u>(934,138)</u>	<u>(934,138)</u>	<u>(934,138)</u>	-
Net Change in Fund Balance	165,862	165,862	226,476	60,614
Fund Balance, Beginning of Year	<u>583,030</u>	<u>583,030</u>	<u>583,030</u>	-
Fund Balance, End of Year	<u>\$ 748,892</u>	<u>\$ 748,892</u>	<u>\$ 809,506</u>	<u>\$ 60,614</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, 2012

<u>ASSETS</u>	<u>UTILITY FUND</u>
CURRENT ASSETS:	
Cash	\$ 1,517,861
Investments	129,071
Restricted Cash:	
Customer Deposits	484,962
Customer Receivables, net of allowance for uncollectibles	230,896
Inventory	51,573
Prepaid Items	1,801
	2,416,164
NONCURRENT ASSETS:	
Restricted Cash:	
Capital Improvements	1,284,656
Deferred Engineering Costs	83,825
Loan Costs	2,269
Sewer Capacity Reservation Agreement, net of accumulated amortization	1,191,171
Capital Assets:	
Land	509,453
Buildings	346,587
Utility Systems	26,744,644
Equipment	1,503,525
	29,104,209
Less Accumulated Depreciation	7,772,716
	21,331,493
Total Noncurrent Assets	23,893,414
Total Assets	26,309,578

TOWN OF LADY LAKE, FLORIDA
STATEMENT OF NET ASSETS (Continued)
PROPRIETARY FUND
SEPTEMBER 30, 2012

<u>LIABILITIES</u>	<u>UTILITY FUND</u>
CURRENT LIABILITIES:	
Accounts Payable	\$ 32,134
Accrued Expenses	8,078
Compensated Absences	19,299
Due to Other Funds	3,117
Accrued Interest Payable	4,726
Customer Deposits	484,962
Loans Payable - Current	<u>684,932</u>
Total Current Liabilities	<u>1,237,248</u>
NONCURRENT LIABILITIES:	
Compensated Absences	4,891
Unearned Revenue	31,757
SunTrust Loan	<u>773,103</u>
Total Noncurrent Liabilities	<u>809,751</u>
Total Liabilities	<u>2,046,999</u>
 <u>NET ASSETS</u> 	
Invested in Capital Assets, net of related debt	21,148,454
Restricted for Capital Improvements	1,284,655
Unrestricted	<u>1,829,470</u>
Total Net Assets	<u><u>\$24,262,579</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, 2012

	UTILITY FUND
OPERATING REVENUES:	
Water Sales	\$ 1,011,519
Sewer Revenue	604,591
Reuse Water Sales	87,693
Connection Fees	31,465
Garbage Revenue	358,768
Late Fees and Other Revenue	45,947
Total Operating Revenues	2,139,983
OPERATING EXPENSES:	
Personal Services	563,493
Garbage Contract Services	325,861
Other Operating Expenses	712,697
Depreciation and Amortization	1,051,524
Total Operating Expenses	2,653,575
Net Operating Loss	(513,592)
NONOPERATING REVENUES (EXPENSES):	
Interest Revenue	3,089
Increase in Fair Value of Investments	33,246
Miscellaneous Revenue	432
Debt Issuance Costs	(24,273)
Interest Expense	(72,355)
Total Nonoperating Revenues (Expenses)	(59,861)
Loss Before Contributions and Transfers	(573,453)
CAPITAL CONTRIBUTIONS:	
Water, Sewer, and Reuse Impact Fees	214,504
Developers	493,948
TRANSFERS IN	730,138
TRANSFERS OUT	(128,000)
Change in Net Assets	737,137
Total Net Assets, Beginning of Year	23,525,442
Total Net Assets, End of Year	\$ 24,262,579

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, 2012**

	<u>UTILITY FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 2,154,520
Cash Payments to Employees for Services	(564,616)
Cash Payments to Suppliers for Goods and Services	<u>(1,041,664)</u>
Net Cash Provided by Operating Activities	<u>548,240</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Miscellaneous Revenue	432
Transfer to General Fund	<u>(128,000)</u>
Net Cash Used In Noncapital Financing Activities	<u>(127,568)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Transfer from Sales Tax Revenue Fund	730,138
Capital Contributions	214,504
Interest Paid on Capital Debt	(75,389)
Principal Repayments on Capital Debt	(779,565)
Acquisition and Construction of Capital Assets	<u>(82,047)</u>
Net Cash Provided by Capital and Related Financing Activities	<u>7,641</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Sale of Investments	29,257
Interest Received	<u>3,089</u>
Net Cash Provided by Investing Activities	<u>32,346</u>
NET INCREASE IN CASH	460,659
Cash at Beginning of Year	<u>2,826,820</u>
Cash at End of Year	<u><u>\$ 3,287,479</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, 2012

	UTILITY FUND
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Loss	\$ (513,592)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and Amortization	1,051,524
Decrease in Customer Receivables	7,655
Increase in Inventory	(371)
Increase in Prepaid Expenses	(801)
Decrease in Accounts Payable	(2,226)
Increase in Due to Other Funds	292
Decrease in Accrued Expenses	(4,508)
Increase in Compensated Absences	3,385
Increase in Customer Deposits	6,882
 Total Adjustments	 1,061,832
 Net Cash Provided by Operating Activities	 \$ 548,240
 NONCASH CAPITAL ACTIVITIES:	
Developer utility system contributions	\$ 493,948
 NONCASH INVESTING ACTIVITIES:	
Increase in Fair Value of Investments	33,246

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, 2012

<u>ASSETS</u>	<u>PENSION TRUST FUNDS</u>
Investments with Trustees:	
Cash	\$ 1,653
Cash Management Funds	728,892
Corporate Equities	3,742,268
Corporate and Foreign Bonds	1,158,626
Municipal Obligations	90,028
U S Government Securities	<u>123,317</u>
 Total Assets	 <u>5,844,784</u>
 <u>LIABILITIES</u>	
Accounts Payable	<u>10,302</u>
 <u>NET ASSETS</u>	
Held in Trust for Officers' Contributions	477,818
Held in Trust for Town's Contributions	1,668,418
Held in Trust for Pension Benefits	<u>3,688,246</u>
 Total Net Assets	 <u><u>\$ 5,834,482</u></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, 2012

	<u>PENSION TRUST FUNDS</u>
<u>ADDITIONS</u>	
Contributions:	
Town	\$ 375,080
Employees	95,982
State of Florida	<u>87,390</u>
Total Contributions	<u>558,452</u>
Investment Income:	
Net Appreciation in Fair Value of Investments	764,872
Dividend Income	35,032
Interest Income	<u>55,184</u>
Total Investment Income	855,088
Less Investment Expense	<u>(47,602)</u>
Net Investment Income	<u>807,486</u>
Total Additions	<u>1,365,938</u>
<u>DEDUCTIONS</u>	
Retirement Benefits	116,177
Refunds of Contributions	111
Administration Expense	<u>13,750</u>
Total Deductions	<u>130,038</u>
CHANGE IN NET ASSETS	1,235,900
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:	
Beginning of Year	<u>4,598,582</u>
End of Year	<u><u>\$ 5,834,482</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, 2012

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, 2012

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, 2012

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 is 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. Reuse water sales are included with sewer 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 0.32% as of September 30, 2012. 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, 2012, shares in the Fund B pool are stated net of a fair value factor of 0.9489681.

TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

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 \$1,000 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. No interest was capitalized during the year ended September 30, 2012.

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, 2012

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. 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

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balance – amounts that are not in spendable form, such as prepaid items.

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors or higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance – amounts constrained to specific purposes by the Town itself, using its highest level of decision-making authority, the Town Commission, through adoption of a resolution; to be reported as committed, amounts cannot be used for any other purpose unless the Town Commission takes a similar action to remove or change the restraint.

TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assigned fund balance – amounts the Town intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. As of September 30, 2012, the Town Commission is the only body that may assign fund balance through a majority vote.

Unassigned fund balance – amounts that are available for any purpose.

Town management determines on a case by case basis whether restricted funds will be used for an expenditure when there is choice to use restricted or unrestricted fund balance. The Town Commission, through establishment of the budget, considers committed amounts to be used for an expenditure when there is a choice to use committed or unassigned fund balance.

L. Transfers

Transfers of \$128,000 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 the General Fund (\$204,000) and to the Utility Fund (\$730,138) in order to use infrastructure surtax revenues on qualified "infrastructure" expenditures.

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.

TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 2 BUDGETING (continued)

- 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 committed or assigned fund balances. Appropriations lapse at year end.

NOTE 3 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, 2012 from the GAAP basis to the budget basis are as follows:

<u>Utility Fund</u>	
Change in Net Assets, GAAP Basis	\$ 737,137
Decrease due to developer contributions	(493,948)
Increase due to depreciation	1,012,469
Decrease due to debt principal paid	(779,565)
Decrease due to equipment purchases	(53,482)
Decrease due to utility system construction	<u>(21,763)</u>
Excess of Revenues Over Expenses, Budget Basis	<u>\$ 400,848</u>

NOTE 4 CASH DEPOSITS AND INVESTMENTS

Cash Deposits

At September 30, 2012, the carrying amount of the Town's cash deposits, including funds in bank money market investments, was \$6,725,050. The actual bank balances at September 30, 2012 totaled \$6,814,747, 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, 2012

NOTE 4 CASH DEPOSITS AND INVESTMENTS (continued)

Investments

The Town's investments at September 30, 2012 are categorized below.

	<u>Fair Value</u>
General Fund Investments:	
1-3 Year Mutual Bond Fund	\$ 1,920,347
Intermediate Mutual Bond Fund	2,968,062
Utility Fund Investments:	
State Board Fund B Pool	129,071
Pension Trust Fund Investments:	
Money Market Funds	728,892
Corporate Equities	3,742,268
Corporate Bonds	1,158,626
Municipal Obligations	90,028
US Government Securities	123,317
	\$ 10,860,611

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. The Town's investment policy does not specifically address credit risk.

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 1.64 years (1-3 year bond fund) and 3.16 years (intermediate bond fund). The Fund B Pool has a weighted average life of 4.08 years. The Town's investment policy does not specifically address interest rate risk.

NOTE 5 RECEIVABLES

Accounts receivable at September 30, 2012 are as follows:

	<u>General Fund</u>	<u>Utility Fund</u>
Customer Accounts Receivable	\$ -	\$ 179,481
Franchise and Utility Taxes	220,476	-
Other Receivables	34,592	92,396
Less Allowance for Uncollectibles	(7,095)	(40,981)
Net Receivables	\$ 247,973	\$ 230,896

Bad debt expense in the Utility Fund for the year ended September 30, 2012 was \$11,781.

TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 6 CAPITAL ASSETS

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

	September 30, 2011	Additions	Transfers/ Disposals	September 30, 2012
Governmental Activities:				
Land (not being depreciated)	\$ 1,660,349	\$ -	\$ -	\$ 1,660,349
Construction in Progress	112,166	68,488	-	180,654
	<u>1,772,515</u>	<u>68,488</u>	<u>-</u>	<u>1,841,003</u>
Capital assets being depreciated:				
Buildings	12,054,687	-	-	12,054,687
Improvements	1,931,406	33,368	-	1,964,774
Equipment	4,434,613	231,417	-	4,666,030
Infrastructure	1,480,447	-	-	1,480,447
	<u>19,901,153</u>	<u>264,785</u>	<u>-</u>	<u>20,165,938</u>
Less accumulated depreciation for:				
Buildings	(2,229,772)	(407,794)	-	(2,637,566)
Improvements	(839,339)	(76,991)	-	(916,330)
Equipment	(3,750,864)	(236,743)	-	(3,987,607)
Infrastructure	(329,916)	(58,526)	-	(388,442)
	<u>(7,149,891)</u>	<u>(780,054)</u>	<u>-</u>	<u>(7,929,945)</u>
Total Being Depreciated, net	<u>12,751,262</u>	<u>(515,269)</u>	<u>-</u>	<u>12,235,993</u>
Governmental Activities				
Capital Assets, net	<u>\$ 14,523,777</u>	<u>\$ (446,781)</u>	<u>\$ -</u>	<u>\$ 14,076,996</u>
Business-Type Activities:				
Land (not being depreciated)	\$ 509,453	\$ -	\$ -	\$ 509,453
Construction in Progress	1,658	-	(1,658)	-
	<u>511,111</u>	<u>-</u>	<u>(1,658)</u>	<u>509,453</u>
Capital assets being depreciated:				
Buildings	346,587	-	-	346,587
Utility Systems	26,228,933	515,711	-	26,744,644
Equipment	1,517,685	53,482	(67,642)	1,503,525
	<u>28,093,205</u>	<u>569,193</u>	<u>(67,642)</u>	<u>28,594,756</u>
Less accumulated depreciation for:				
Buildings	(98,654)	(11,769)	-	(110,423)
Utility Systems	(5,665,710)	(885,794)	-	(6,551,504)
Equipment	(1,063,525)	(114,906)	67,642	(1,110,789)
	<u>(6,827,889)</u>	<u>(1,012,469)</u>	<u>67,642</u>	<u>(7,772,716)</u>
Total Being Depreciated, net	<u>21,265,316</u>	<u>(443,276)</u>	<u>-</u>	<u>20,822,040</u>
Business-Type Activities				
Capital Assets, net	<u>\$ 21,776,427</u>	<u>\$ (443,276)</u>	<u>\$ (1,658)</u>	<u>\$ 21,331,493</u>

**TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 6 CAPITAL ASSETS (continued)

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

Governmental Activities:	
General Government	\$ 122,741
Public Safety	132,288
Growth Management	4,394
Public Works	157,359
Culture and Recreation	<u>363,272</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 780,054</u>
Business-type Activities:	
Water	\$ 327,116
Sewer	685,353
Garbage	<u>-</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 1,012,469</u>

NOTE 7 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, 2012 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, 2012

NOTE 7 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, 2012, the total cost of sewer capacity reservations, which includes the 2004 purchases, was \$1,629,006. Amortization for the year ended September 30, 2012 totaled \$39,055. Accumulated amortization at September 30, 2012 was \$437,835, and the net book value was \$1,191,171.

NOTE 8 LONG-TERM DEBT

Capital Lease

On November 12, 2008, the Town entered into a master lease agreement with SunTrust Equipment Finance & Leasing Corp. Under this 4 year capital lease, the Town acquired 10 Chevrolet police vehicles, which have been recorded at the present value of the future minimum lease payment of \$251,000. The Town has title to the vehicles, and SunTrust has a first priority security interest in the vehicles until all lease payments have been made. The final payment totaling \$67,373 under the lease agreement was made October 6, 2011.

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 total loan made available to the Town was \$700,376. The gross revenues of the Town's water and sewer systems, net of operating expenses except depreciation and amortization, are pledged for repayment of the loan. Annual principal and interest payments on the loan are expected to require less than 40% of net revenues.

All disbursements have been received by the Town, and semi-annual loan payments of \$41,847 are due each January 15 and July 15. Interest accrues on the outstanding loan balance at a rate of 3.52% per year. For the year ended September 30, 2012, interest totaling \$3,569 was paid on the loan. The loan was paid in full as of September 30, 2012.

SunTrust Loans

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, 2012

NOTE 8 LONG-TERM DEBT (continued)

Monthly payments of principal and interest (at 3.89%) of approximately \$61,000 began December 1, 2004. The note matures on October 1, 2014. Interest paid during the year ended September 30, 2012 totaled \$71,820. 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>
9/30/13	\$ 684,932	\$ 45,178	\$ 730,110
9/30/14	712,454	17,669	730,123
9/30/15	<u>60,649</u>	<u>197</u>	<u>60,846</u>
	<u>\$ 1,458,035</u>	<u>\$ 63,044</u>	<u>\$ 1,521,079</u>

On November 16, 2009, the Town issued a \$3,400,000 note payable to SunTrust Bank known as the "Town of Lady Lake, Florida Capital Improvement Revenue Note, Series 2009", for the purpose of funding the construction of the Town's library. The note is secured by and payable from the Town's one-cent infrastructure sales surtax revenues.

Monthly payments of principal and interest (at 4.30%) of \$17,000 began January 1, 2010. The monthly payment increases to \$79,000 on October 1, 2014, and the note matures on March 1, 2018. Interest paid during the year totaled \$143,203. 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>
9/30/13	\$ 63,918	\$ 140,082	\$ 204,000
9/30/14	66,762	137,238	204,000
9/30/15	828,820	119,180	948,000
9/30/16	865,686	82,314	948,000
9/30/17	904,190	43,810	948,000
Thereafter	<u>513,431</u>	<u>6,544</u>	<u>519,975</u>
	<u>\$ 3,242,807</u>	<u>\$ 529,168</u>	<u>\$ 3,771,975</u>

TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 8 LONG-TERM DEBT (continued)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2012 was as follows:

	<u>Balances</u> 10/1/2011	<u>Additions</u>	<u>Principal</u> <u>Reductions</u>	<u>Balances</u> 9/30/2012	<u>Due within</u> <u>One Year</u>
Governmental Activities:					
SunTrust Loan	\$ 3,303,604	\$ -	\$ (60,797)	\$ 3,242,807	\$ 63,918
SunTrust Capital Lease	64,787	-	(64,787)	-	-
Compensated Absences	323,121	198,791	(211,259)	310,653	207,882
	<u>3,691,512</u>	<u>198,791</u>	<u>(336,843)</u>	<u>3,553,460</u>	<u>271,800</u>
Governmental Activity					
Long-term Liabilities	<u>\$ 3,691,512</u>	<u>\$ 198,791</u>	<u>\$ (336,843)</u>	<u>\$ 3,553,460</u>	<u>\$ 271,800</u>
Business-type Activities:					
State Revolving Fund					
Loan	\$ 121,248	\$ -	\$ (121,248)	\$ -	\$ -
SunTrust Loan	2,116,352	-	(658,317)	1,458,035	684,932
Compensated Absences	20,805	16,910	(13,525)	24,190	19,299
	<u>2,258,405</u>	<u>16,910</u>	<u>(793,090)</u>	<u>1,482,225</u>	<u>704,231</u>
Business-type Activity					
Long-term Liabilities	<u>\$ 2,258,405</u>	<u>\$ 16,910</u>	<u>\$ (793,090)</u>	<u>\$ 1,482,225</u>	<u>\$ 704,231</u>

NOTE 9 OTHER DISCLOSURES

- (1) There were no funds that had excess of expenditures over appropriations at the fund level for the year ended September 30, 2012.
- (2) Individual fund interfund receivable and payable balances at September 30, 2012:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 3,117	\$ -
Utility Fund	-	(3,117)

The outstanding balances between funds results from recording the accrual of unbilled utility tax receivable by the Utility Fund.

- (3) There were no deficit fund balances of individual funds at September 30, 2012.
- (4) The following details the various constraints placed on fund balances in the governmental funds at September 30, 2012:

**TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 9 OTHER DISCLOSURES (continued)

<u>General Fund</u>	
Nonspendable - Prepaids	\$ 57,036
Nonspendable - Assets Held for Resale	50,900
	<u>107,936</u>
Total Nonspendable	<u>\$ 107,936</u>
Restricted for Police Training and Equipment	\$ 4,957
Restricted for Education	1,590,846
Restricted for Building Inspections	7,339
Restricted for Library Capital Improvements	33,666
Restricted for Recreation Capital Improvements	219,532
	<u>1,856,340</u>
Total Restricted	<u>\$ 1,856,340</u>
Assigned to Police Officers' Trust	\$ 3,489
Assigned to Tree Beautification	9,279
	<u>12,768</u>
Total Assigned	<u>\$ 12,768</u>
<u>Sales Tax Revenue Fund</u>	
Restricted for Infrastructure	<u>\$ 809,506</u>

Fund balances restricted 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.

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

TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 10 RETIREMENT COMMITMENTS (continued)

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.

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, 2012, two Officers had retired that were receiving benefits, one was receiving benefits under disability, and three terminated Officers were entitled to benefits but not yet receiving them. Out of the 26 Officers in the plan at September 30, 2012, five 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, 2012, the Town collected \$87,390 in casualty insurance premium taxes. The Town is required by State Statute to contribute these taxes to the plan within 5 days of receipt. These on-behalf payments of fringe benefits from the State are reported as tax revenues and 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, 2012 was 17.4% from the Town and 5.0% from the Police Officers, for a total of 22.4% of covered payroll.

**TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 10 RETIREMENT COMMITMENTS (continued)

Funded Status and Funding Progress

The Funded status of the plan as of October 1, 2012 was as follows:

Actuarial accrued liability (AAL)	\$4,677,794
Actuarial value of plan assets	<u>4,615,904</u>
Unfunded actuarial accrued liability	<u>\$61,890</u>
Funded ratio (actuarial value of plan assets/AAL)	98.7%
Covered payroll (active plan members)	\$1,344,024
UAAL as a percentage of covered payroll	4.6%

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

Additional information as of the latest actuarial valuation (10/01/12) follows.

Actuarial cost method:	Entry Age Normal
Amortization method:	Level Percent of Pay, Closed
Remaining amortization period:	30 years
Asset valuation method:	4 Year Smoothed Market

Actuarial Assumptions:

Investment Rate of Return:	7.75%
Projected Salary Increase:	6.25% (includes inflation at 3%)
Post Retirement COLA:	0%

Three-Year Trend Information

<u>Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension</u> <u>Cost (A)</u>	<u>Percentage</u> <u>of (A)</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
9/30/12	\$ 324,284	98%	\$ (137,592)
9/30/11	225,782	98%	(142,513)
9/30/10	217,655	98%	(147,229)

TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 10 RETIREMENT COMMITMENTS (continued)

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>9/30/2010</u>	<u>9/30/2011</u>	<u>9/30/2012</u>
Actuarially Determined Contribution	\$ 214,227	\$ 221,066	\$ 319,363
Interest on NPO	(12,053)	(11,778)	(11,045)
Adjustment to Actuarially Determined Contribution	<u>15,481</u>	<u>16,494</u>	<u>15,966</u>
Annual Pension Cost	217,655	225,782	324,284
Contributions Made	<u>214,227</u>	<u>221,066</u>	<u>319,363</u>
Increase in NPO	3,428	4,716	4,921
NPO, beginning of year	<u>(150,657)</u>	<u>(147,229)</u>	<u>(142,513)</u>
NPO, end of year	<u><u>\$ (147,229)</u></u>	<u><u>\$ (142,513)</u></u>	<u><u>\$ (137,592)</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. There is no separate, audited GAAP – basis postemployment benefit plan report available for this defined contribution pension plan. The Town Commission must authorize plan amendments to benefit provisions or the obligation to make contributions. This new plan replaced the multiple-employer, defined contribution pension plan that had been in place since December 28, 1992 when the Town created the General Employees Retirement Trust Fund.

**TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 10 RETIREMENT COMMITMENTS (continued)

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, 2012, the Town contributed \$127,759 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, 2012**

NOTE 10 RETIREMENT COMMITMENTS (continued)

	Police Retirement Trust Fund	Employees Retirement Trust Fund	Total
STATEMENT OF FIDUCIARY NET ASSETS AS OF SEPTEMBER 30, 2012			
<u>Assets</u>			
Investments with Trustees:			
Cash	\$ 1,653	\$ -	\$ 1,653
Cash Management Funds	470,194	258,698	728,892
Corporate Equities	3,054,177	688,091	3,742,268
Corporate and Foreign Bonds	1,120,412	38,214	1,158,626
Municipal Obligations	90,028	-	90,028
U S Government Securities	123,317	-	123,317
<u>Liabilities</u>			
Accounts Payable	(10,302)	-	(10,302)
<u>Net Assets</u>			
Held in Trust for Pension Benefits	<u>\$ 4,849,479</u>	<u>\$ 985,003</u>	<u>\$ 5,834,482</u>

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

<u>Additions</u>			
Contributions			
Town	\$ 247,321	\$ 127,759	\$ 375,080
Employees	95,982	-	95,982
State of Florida	87,390	-	87,390
Total Contributions	<u>430,693</u>	<u>127,759</u>	<u>558,452</u>
Investment Income:			
Net Appreciation (Depreciation) in			
Fair Value of Investments	645,365	119,507	764,872
Dividend and Interest Income	90,216	-	90,216
Investment Expense	(47,602)	-	(47,602)
Net Investment Income	<u>687,979</u>	<u>119,507</u>	<u>807,486</u>
Total Additions	<u>1,118,672</u>	<u>247,266</u>	<u>1,365,938</u>
<u>Deductions</u>			
Retirement Benefits	60,674	55,503	116,177
Refunds of Contributions	-	111	111
Administrative Expense	13,224	526	13,750
Total Deductions	<u>73,898</u>	<u>56,140</u>	<u>130,038</u>
Change in Net Assets	1,044,774	191,126	1,235,900
<u>Net Assets</u>			
Beginning of Year	<u>3,804,705</u>	<u>793,877</u>	<u>4,598,582</u>
End of Year	<u>\$ 4,849,479</u>	<u>\$ 985,003</u>	<u>\$ 5,834,482</u>

TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

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. There is no separate, audited GAAP – basis postemployment benefit plan report available for this defined contribution pension plan. The Town Commission must authorize plan amendments to benefit provisions or the obligation to make contributions. Employees eligible for participation in the plan are certain senior Town executives, and as of September 30, 2012 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. Contributions and related investment earnings are credited to individual self-directed investment accounts, and the employee immediately becomes 100% vested in the account balances. Normal retirement is permitted when the participant attains age 55. During the year ended September 30, 2012, Town contributions to the plan totaled \$42,920.

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS

The Town does not provide its employees any postemployment benefits other than pensions. Florida Statutes require local governments which provide group insurance to its employees the option of continuing to participate in the group plan following retirement. The Town does not contribute to the premium cost for retired employees, so the entire cost must be paid by the retiree. At September 30, 2012, the Town had one retiree continuing to participate in its group insurance plan. This is the only retiree that has ever requested to continue on the group plan, and management does not anticipate a significant number of future retirees to request continued coverage. Therefore, no material other postemployment benefits liability is recognized or recorded.

NOTE 13 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. State laws 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, 2012 was 3.2808. The millage rate assessed by the Town on taxable property to be levied on November 1, 2012 was 3.2808.

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

**TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 13 PROPERTY TAXES (continued)

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

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 14 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, 2012, 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 15 SUBSEQUENT EVENTS

Town management has evaluated events occurring subsequent to the financial statement date through March 11, 2013.

On December 19, 2012, the Town purchased approximately 6 acres of real property for \$225,000. The land is located near the Lady Lake Chamber of Commerce and Historical Society. The Town intends to use the property as additional parking for Town sponsored events.

**TOWN OF LADY LAKE, FLORIDA
POLICE RETIREMENT TRUST FUND
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2012**

**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)
10/1/12	\$ 4,615,904	\$ 4,677,794	\$ 61,890	99%	\$ 1,344,024	5%
10/1/11	4,001,317	4,128,690	127,373	97%	1,324,208	10%
10/1/10	3,810,890	4,310,907	500,017	88%	1,548,425	32%
10/1/09	3,450,007	3,749,218	299,211	92%	1,548,174	19%
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
2012	\$ 319,363	\$ 231,973	\$ 87,390	100%
2011	309,189	221,066	88,123	100%
2010	303,754	214,227	89,527	100%
2009	293,212	195,305	97,907 *	100%
2008	238,783	140,876	97,907 *	100%
2007	207,179	123,615	97,907 *	107%

* "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, 2012 AND 2011**

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
Cash and Equivalents	\$ 2,730,499	\$ 1,756,254
Investments	4,888,409	4,778,787
Accounts Receivable:		
Franchise and Utility Taxes	220,476	213,023
Special Paving Assessments	1,415	2,665
Other	26,082	7,127
Due from Utility Fund	3,117	2,825
Due from Other Governments:		
State of Florida	160,009	143,134
Lake County	6,729	164,749
Federal	-	49,146
Real Property Held for Resale	50,900	97,846
Prepaid Expenditures	57,036	43,422
	<u>\$ 8,144,672</u>	<u>\$ 7,258,978</u>
<u>LIABILITIES AND FUND BALANCE</u>		
LIABILITIES:		
Accounts Payable	\$ 276,142	\$ 198,764
Accrued Payroll and Related Liabilities	77,055	98,948
Due to State of Florida	1,411	1,328
Unearned and Deferred Revenue:		
Federal Sidewalk Grant	-	49,146
Business Taxes	45,706	50,343
Special Paving Assessments	1,415	2,665
	<u>401,729</u>	<u>401,194</u>
FUND BALANCE:		
Nonspendable:		
Prepaid Expenditures/Resale Assets	107,936	141,268
Restricted:		
For Police Training/Equipment	4,957	24,520
For Education	1,590,846	1,590,846
For Building Inspections	7,339	-
For Recreation and Library Capital Improvements	253,198	18,694
Assigned:		
To Police	3,489	12,746
To Tree Beautification	9,279	8,685
Unassigned:	5,765,899	5,061,025
	<u>7,742,943</u>	<u>6,857,784</u>
Total Fund Balance	<u>7,742,943</u>	<u>6,857,784</u>
Total Liabilities and Fund Balance	<u>\$ 8,144,672</u>	<u>\$ 7,258,978</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, 2012
With comparative actual amounts for the year ended September 30, 2011

	2012		VARIANCE WITH FINAL BUDGET	2011 ACTUAL
	FINAL BUDGET	ACTUAL		
REVENUES:				
Taxes	\$ 6,208,661	\$ 6,333,553	\$ 124,892	\$ 6,213,256
Licenses and Permits	226,700	290,528	63,828	268,169
Intergovernmental	1,342,416	1,253,675	(88,741)	2,326,516
Charges for Services	169,500	177,124	7,624	171,293
Fines and Forfeitures	34,900	43,908	9,008	32,505
Miscellaneous	823,299	1,132,055	308,756	907,894
Total Revenues	8,805,476	9,230,843	425,367	9,919,633
EXPENDITURES:				
Current:				
General Government	1,543,471	1,398,473	144,998	1,407,678
Public Safety	4,461,344	4,150,583	310,761	4,039,535
Growth Management	237,848	215,450	22,398	260,165
Public Works	1,595,201	1,541,586	53,615	1,396,223
Culture and Recreation	1,055,477	1,022,768	32,709	1,047,000
Capital Outlay	-	-	-	2,018,776
Debt Service	271,372	271,372	-	271,372
Total Expenditures	9,164,713	8,600,232	564,481	10,440,749
Excess (Deficiency) of Revenues Over (Under) Expenditures	(359,237)	630,611	989,848	(521,116)
OTHER FINANCING SOURCES (USES):				
Transfer from Sales Tax Revenue Fund	204,000	204,000	-	686,608
Transfer from Utility Fund	128,000	128,000	-	140,000
Sale of Capital Assets	-	1,802	1,802	902
Loss on Real Property Held for Resale	-	(39,255)	(39,255)	-
Lawsuit Settlement	-	(39,999)	(39,999)	-
Total Other Financing Sources	332,000	254,548	(77,452)	827,510
Net Change in Fund Balance	(27,237)	885,159	912,396	306,394
Fund Balance, Beginning of Year	6,857,784	6,857,784	-	6,551,390
Fund Balance, End of Year	\$ 6,830,547	\$ 7,742,943	\$ 912,396	\$ 6,857,784

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, 2012

With comparative actual amounts for the year ended September 30, 2011

	2012		VARIANCE WITH FINAL BUDGET	2011 ACTUAL
	FINAL BUDGET	ACTUAL		
TAXES:				
Ad Valorem Taxes	\$ 2,503,061	\$ 2,551,573	\$ 48,512	\$ 2,611,571
Local Option Gas Tax	150,000	136,862	(13,138)	142,381
County Gas Tax	17,000	17,052	52	17,719
Casualty Insurance Premium Tax	100,000	87,390	(12,610)	88,123
Franchise Fees:			-	
Electric	1,241,000	1,111,871	(129,129)	1,177,072
Gas	27,000	24,712	(2,288)	26,933
Garbage	161,000	158,432	(2,568)	161,734
Utility Taxes:				
Electric	890,000	808,249	(81,751)	874,176
Water	164,000	169,315	5,315	175,551
Gas	25,000	20,872	(4,128)	23,360
Communications Services Tax	875,000	1,189,762	314,762	857,551
Town Business Tax	55,600	57,463	1,863	57,085
Total Taxes	6,208,661	6,333,553	124,892	6,213,256
LICENSES AND PERMITS:				
Building Permits and Inspections	171,000	203,340	32,340	159,844
Building Plan Review Fees	26,000	35,450	9,450	48,845
Site Plan Review Fees	1,500	300	(1,200)	150
Comp Plan Amendment Fees	5,000	-	(5,000)	4,600
Annexation/Subdivision Fees	10,800	10,690	(110)	18,440
Zoning Fees	10,000	33,816	23,816	26,740
Other Licenses & Permits	2,400	6,932	4,532	9,550
Total Licenses and Permits	226,700	290,528	63,828	268,169
INTERGOVERNMENTAL:				
Federal Law Enforcement Grant	10,805	10,805	-	7,572
Federal Transportation Grant	-	49,146	49,146	63,020
Federal CDBG Grants	105,000	-	(105,000)	70,000
Federal Forestry Grant	-	-	-	18,770
County Law Enforcement Grant	7,380	3,741	(3,639)	58,633
State Revenue Sharing	356,838	343,333	(13,505)	338,049
Mobile Home Licenses	36,000	39,329	3,329	35,817
Alcohol Beverage Licenses	9,600	8,058	(1,542)	9,631
1/2 Cent Sales Tax	649,000	631,415	(17,585)	641,649
State Public Safety Revenue	-	-	-	100
State Transportation Revenue	38,889	38,889	-	41,457
County Library Agreement	114,404	114,404	-	126,868
County Library Impact Fees	-	-	-	900,000
County Business Tax	14,500	14,555	55	14,950
Total Intergovernmental	1,342,416	1,253,675	(88,741)	2,326,516

TOWN OF LADY LAKE, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO BUDGET (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2012
With comparative actual amounts for the year ended September 30, 2011

	2012		VARIANCE WITH FINAL BUDGET	2011 ACTUAL
	FINAL BUDGET	ACTUAL		
CHARGES FOR SERVICES:				
Villages - Public Safety	\$ 100,000	\$ 100,000	\$ -	\$ 100,000
Police Services	42,000	44,849	2,849	40,544
Road and Street Revenue	15,000	16,383	1,383	15,175
Road Conveyance Fees	-	2,800	2,800	1,300
Copies and Certifications	1,000	639	(361)	2,059
Town License Plates	-	7	7	23
Library Fees	8,500	8,023	(477)	7,704
Recreation Program Fees	3,000	4,423	1,423	4,488
Total Charges for Services	169,500	177,124	7,624	171,293
FINES AND FORFEITURES:				
Court Fines	25,000	18,619	(6,381)	19,577
Forfeitures	-	300	300	163
Animal Control Citations	-	770	770	70
Code Enforcement Fines	2,500	17,182	14,682	5,099
Police Education	2,400	2,402	2	2,611
Library Fines	5,000	4,635	(365)	4,985
Total Fines and Forfeitures	34,900	43,908	9,008	32,505
MISCELLANEOUS:				
Interest Earnings	2,400	2,252	(148)	2,917
Net Increase in Fair Value of Investments	75,000	109,622	34,622	127,495
Building/Park Rental Fees	15,180	15,421	241	10,095
Paving Assessments	1,200	1,250	50	1,200
Fire Assessments - Villages	715,884	725,985	10,101	672,890
Library Impact Fees	-	33,626	33,626	1,955
Recreation Impact Fees	-	200,552	200,552	11,660
Contributions and Donations	4,035	5,740	1,705	24,092
Fuel Tax Refund	6,500	4,708	(1,792)	6,204
Insurance Claim Proceeds	-	24,602	24,602	33,840
Miscellaneous Revenues	3,100	8,297	5,197	15,546
Total Miscellaneous	823,299	1,132,055	308,756	907,894
Total Revenues	\$ 8,805,476	\$ 9,230,843	\$ 425,367	\$ 9,919,633

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, 2012
With comparative actual amounts for the year ended September 30, 2011

	2012		VARIANCE WITH FINAL BUDGET	2011 ACTUAL
	FINAL BUDGET	ACTUAL		
GENERAL GOVERNMENT:				
Town Commission:				
Personal Services	\$ 39,819	\$ 39,823	\$ (4)	\$ 39,140
Operating Expenses	8,755	7,693	1,062	7,276
Total Town Commission	48,574	47,516	1,058	46,416
Town Manager:				
Personal Services	187,135	185,116	2,019	178,410
Operating Expenses	7,600	2,389	5,211	2,260
Capital Outlay	1,519	1,518	1	-
Total Town Manager	196,254	189,023	7,231	180,670
Town Clerk:				
Personal Services	87,362	86,009	1,353	82,312
Operating Expenses	20,390	14,125	6,265	14,886
Election Expenses	4,000	8,660	(4,660)	93
Total Town Clerk	111,752	108,794	2,958	97,291
Finance Department:				
Personal Services	332,754	311,094	21,660	318,407
Operating Expenses	49,218	47,015	2,203	44,957
Capital Outlay	1,519	1,518	1	-
Total Finance Department	383,491	359,627	23,864	363,364
Human Resources/Risk Mgmt:				
Personal Services	106,452	88,970	17,482	90,580
Operating Expenses	21,487	14,243	7,244	12,301
Capital Outlay	1,519	1,518	1	-
Total Human Resources	129,458	104,731	24,727	102,881
Information Technology:				
Personal Services	71,259	70,378	881	56,733
Operating Expenses	9,245	8,097	1,148	8,882
Total Information Technology	80,504	78,475	2,029	65,615
Legal Counsel	120,000	100,569	19,431	137,784

TOWN OF LADY LAKE, FLORIDA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2012
With comparative actual amounts for the year ended September 30, 2011

	2012		VARIANCE WITH FINAL BUDGET	2011 ACTUAL
	FINAL BUDGET	ACTUAL		
GENERAL GOVERNMENT (continued):				
Other General Government:				
Operating Expenses	\$ 278,705	\$ 255,887	\$ 22,818	\$ 294,755
Aid to Private Organizations	12,500	13,665	(1,165)	16,500
Capital Outlay	35,000	60,725	(25,725)	4,048
Contingency	60,661	-	60,661	-
Total Other General Government	<u>386,866</u>	<u>330,277</u>	<u>56,589</u>	<u>315,303</u>
Facilities Maintenance:				
Personal Services	77,455	68,877	8,578	88,837
Operating Expenses	9,117	10,584	(1,467)	9,517
Total Facilities Maintenance	<u>86,572</u>	<u>79,461</u>	<u>7,111</u>	<u>98,354</u>
Total General Government	<u>1,543,471</u>	<u>1,398,473</u>	<u>144,998</u>	<u>1,407,678</u>
PUBLIC SAFETY:				
Police Department:				
Personal Services	2,965,595	2,667,730	297,865	2,730,771
Operating Expenses	433,414	418,848	14,566	378,820
Capital Outlay	126,588	97,842	28,746	4,554
Capital Outlay - Federal Grants	3,062	3,062	-	7,572
Debt Service	67,372	67,372	-	67,372
Total Police Department	<u>3,596,031</u>	<u>3,254,854</u>	<u>341,177</u>	<u>3,189,089</u>
Fire Control:				
Operating Expenses	715,884	725,985	(10,101)	672,890
Building Inspections:				
Personal Services	39,651	39,639	12	37,937
Operating Expenses	121,200	148,644	(27,444)	162,896
Total Building Inspections	<u>160,851</u>	<u>188,283</u>	<u>(27,432)</u>	<u>200,833</u>
Code Enforcement:				
Personal Services	40,815	34,946	5,869	31,456
Operating Expenses	15,135	13,887	1,248	12,639
Total Code Enforcement	<u>55,950</u>	<u>48,833</u>	<u>7,117</u>	<u>44,095</u>
Total Public Safety	<u>4,528,716</u>	<u>4,217,955</u>	<u>310,761</u>	<u>4,106,907</u>
GROWTH MANAGEMENT				
Personal Services	187,773	179,618	8,155	174,154
Operating Expenses	34,756	20,513	14,243	86,011
Capital Outlay	15,319	15,319	-	-
Total Growth Management	<u>237,848</u>	<u>215,450</u>	<u>22,398</u>	<u>260,165</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, 2012

With comparative actual amounts for the year ended September 30, 2011

	2012		VARIANCE WITH FINAL BUDGET	2011 ACTUAL
	FINAL BUDGET	ACTUAL		
PUBLIC WORKS:				
Administration:				
Personal Services	\$ 169,691	\$ 168,955	\$ 736	\$ 162,883
Operating Expenses	52,943	41,410	11,533	50,868
Capital Outlay	-	-	-	10,652
Total Administration	222,634	210,365	12,269	224,403
Streets and Maintenance:				
Personal Services	527,201	506,526	20,675	488,904
Electric-Street Lights	160,000	161,471	(1,471)	158,097
Operating Expenses	232,692	248,963	(16,271)	183,454
Street Resurfacing	200,000	199,803	197	202,625
Capital Outlay	123,800	87,378	36,422	16,756
Total Streets and Maintenance	1,243,693	1,204,141	39,552	1,049,836
Motor Pool (Fleet Maintenance):				
Personal Services	101,091	103,558	(2,467)	96,047
Operating Expenses	16,283	14,124	2,159	17,950
Capital Outlay	11,500	9,398	2,102	7,987
Total Motor Pool	128,874	127,080	1,794	121,984
Total Public Works	1,595,201	1,541,586	53,615	1,396,223
CULTURE AND RECREATION:				
Library:				
Personal Services	341,806	335,445	6,361	303,817
Operating Expenses	144,853	123,584	21,269	116,672
Library Books	60,000	58,385	1,615	68,939
Capital Outlay	1,751	1,751	-	6,638
Capital Outlay - Library Building	-	-	-	1,906,610
Debt Service	204,000	204,000	-	204,000
Total Library	752,410	723,165	29,245	2,606,676
Parks and Recreation:				
Personal Services	272,087	269,921	2,166	258,987
Operating Expenses	167,066	171,025	(3,959)	209,794
Operating Expenses - Community Bldg	13,435	9,413	4,022	11,533
Capital Outlay	54,479	53,244	1,235	70,620
Capital Outlay - Sidewalk Grant	-	-	-	112,166
Total Parks and Recreation	507,067	503,603	3,464	663,100
Total Culture and Recreation	1,259,477	1,226,768	32,709	3,269,776
Total Expenditures	\$ 9,164,713	\$ 8,600,232	\$ 564,481	\$ 10,440,749

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, 2012 AND 2011**

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
Cash	\$ 707,072	\$ 509,681
Due from State of Florida	<u>102,434</u>	<u>102,002</u>
 Total Assets	 <u><u>\$ 809,506</u></u>	 <u><u>\$ 611,683</u></u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Deferred Revenue - Infrastructure Surtax	<u>\$ -</u>	<u>\$ 28,653</u>
Fund Balance, Restricted for Infrastructure	<u>809,506</u>	<u>583,030</u>
 Total Liabilities and Fund Balance	 <u><u>\$ 809,506</u></u>	 <u><u>\$ 611,683</u></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, 2012
With comparative actual amounts for the year ended September 30, 2011

	2012		VARIANCE WITH FINAL BUDGET	2011 ACTUAL
	FINAL BUDGET	ACTUAL		
REVENUES:				
Local Government Infrastructure Surtax	\$ 1,100,000	\$ 1,160,271	\$ 60,271	\$ 1,108,224
Interest Earned	-	343	343	152
Total Revenues	1,100,000	1,160,614	60,614	1,108,376
OTHER FINANCING SOURCES (USES):				
Transfer to General Fund	(204,000)	(204,000)	-	(686,608)
Transfer to Utility Fund	(730,138)	(730,138)	-	(730,127)
Total Other Financing Sources (Uses)	(934,138)	(934,138)	-	(1,416,735)
Net Change in Fund Balance	165,862	226,476	60,614	(308,359)
Fund Balance, Beginning of Year	583,030	583,030	-	891,389
Fund Balance, End of Year	\$ 748,892	\$ 809,506	\$ 60,614	\$ 583,030

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 account-ability 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, 2012 AND 2011

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
CURRENT ASSETS:		
Cash	\$ 1,517,861	\$ 1,208,673
Investments	129,071	125,082
Restricted Cash:		
State Revolving Fund Loan Reserves	-	41,847
Customer Deposits	484,962	478,080
Customer Accounts Receivable, net of allowance for uncollectibles of \$40,981 and \$29,200	138,500	155,862
Unbilled Utility Service Receivables	92,396	82,689
Inventory	51,573	51,202
Prepaid Expenses	1,801	1,000
Total Current Assets	<u>2,416,164</u>	<u>2,144,435</u>
NONCURRENT ASSETS:		
RESTRICTED CASH:		
State Revolving Fund Loan Reserves	-	22,821
Impact Fees - Water	700,370	632,445
Impact Fees - Sewer	567,963	440,319
Impact Fees - Reuse	16,323	2,635
Total Restricted Cash	<u>1,284,656</u>	<u>1,098,220</u>
DEFERRED ENGINEERING COSTS	<u>83,825</u>	<u>75,365</u>
SRF AND SUNTRUST LOAN COSTS	<u>2,269</u>	<u>26,542</u>
SEWER CAPACITY RESERVATION AGREEMENT, net of accumulated amortization of \$437,835 and \$398,780 in 2012 and 2011, respectively	<u>1,191,171</u>	<u>1,230,226</u>
PROPERTY, PLANT, AND EQUIPMENT:		
Land	509,453	509,453
Buildings	346,587	346,587
Water Utility System	7,943,562	7,740,600
Sewer Utility System	18,801,082	18,488,333
Equipment	1,503,525	1,517,685
Construction in Progress	-	1,658
	<u>29,104,209</u>	<u>28,604,316</u>
Less Accumulated Depreciation	<u>7,772,716</u>	<u>6,827,889</u>
Net Property, Plant, and Equipment	<u>21,331,493</u>	<u>21,776,427</u>
Total Assets	<u>26,309,578</u>	<u>26,351,215</u>

TOWN OF LADY LAKE, FLORIDA
UTILITY FUND
COMPARATIVE STATEMENTS OF NET ASSETS (Continued)
SEPTEMBER 30, 2012 AND 2011

	2012	2011
<u>LIABILITIES</u>		
CURRENT LIABILITIES:		
Accounts Payable	\$ 32,134	\$ 34,360
Accrued Payroll and Related Taxes	8,078	12,586
Accrued Vacation Payable	19,299	19,516
Due to General Fund	3,117	2,825
Customer Deposits	484,962	478,080
State Revolving Fund Loan:		
Current Portion	-	80,125
Accrued Interest Payable	-	900
SunTrust Loan Payable:		
Current Portion	684,932	658,317
Accrued Interest Payable	4,726	6,860
	1,237,248	1,293,569
NONCURRENT LIABILITIES:		
Accrued Vacation Payable	4,891	1,289
Unearned Revenue	31,757	31,757
State Revolving Fund Loan	-	41,123
SunTrust Loan	773,103	1,458,035
	809,751	1,532,204
Total Liabilities	2,046,999	2,825,773
<u>NET ASSETS</u>		
Invested in Capital Assets, net of related debt	21,148,454	20,844,418
Restricted for Utility Capital Improvements	1,284,655	1,075,399
Restricted for Debt Service	-	63,768
Unrestricted	1,829,470	1,541,857
	\$24,262,579	\$23,525,442

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, 2012 AND 2011

	2012	2011
OPERATING REVENUES:		
Water Sales	\$ 1,011,519	\$ 981,641
Sewer Revenue	604,591	572,365
Reuse Water Sales	87,693	108,299
Connection Fees	31,465	35,601
Garbage Revenue	358,768	359,543
Late Fees and Other Customer Revenue	45,947	46,440
	2,139,983	2,103,889
OPERATING EXPENSES:		
Personal Services	563,493	567,458
Garbage Contract Services	325,861	318,655
Utilities	146,483	147,412
Other Contract Services	151,352	121,068
Operating Supplies	153,001	88,979
Insurance	80,376	80,376
Repairs and Maintenance	75,885	72,302
Professional Services	44,795	53,447
Amortization	39,055	39,055
Other Operating Expenses	60,805	57,678
Depreciation	1,012,469	1,018,465
	2,653,575	2,564,895
Total Operating Expenses		
Net Operating Loss	(513,592)	(461,006)
NONOPERATING REVENUES (EXPENSES):		
Interest Revenue	3,089	2,156
Increase in Fair Value of Investments	33,246	20,773
Miscellaneous Revenue	432	4,216
Debt Issuance Costs	(24,273)	(19,048)
Interest Expense	(72,355)	(100,734)
	(59,861)	(92,637)
Total Nonoperating Revenues (Expenses)		
Loss Before Contributions and Transfers	(573,453)	(553,643)
CAPITAL CONTRIBUTIONS:		
Water Impact Fees	67,298	11,992
Sewer and Reuse Impact Fees	147,206	22,496
Developers	493,948	-
TRANSFERS IN - Infrastructure Taxes	730,138	730,127
TRANSFERS OUT - to General Fund	(128,000)	(140,000)
	737,137	70,972
Change in Net Assets		
Total Net Assets, Beginning of Year	23,525,442	23,454,470
Total Net Assets, End of Year	\$24,262,579	\$23,525,442

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, 2012 AND 2011**

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 2,154,520	\$ 2,099,531
Cash Payments to Employees for Services	(564,616)	(595,609)
Cash Payments to Suppliers for Goods and Services	(1,041,664)	(938,989)
Net Cash Provided by Operating Activities	548,240	564,933
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Grant and Other Revenue	432	4,216
Transfer to General Fund	(128,000)	(140,000)
Net Cash Used in Noncapital Financing Activities	(127,568)	(135,784)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Transfer from Sales Tax Revenue Fund - Infrastructure Taxes	730,138	730,127
Water, Sewer and Reuse Impact Fees Received	410,576	34,488
Developer Impact Fee Reimbursements	(196,072)	-
State Revolving Fund Loan Interest Paid	(3,569)	(6,317)
State Revolving Fund Loan Principal Repayments	(121,248)	(77,378)
Suntrust Loan Interest Paid	(71,820)	(97,044)
Suntrust Loan Principal Paid	(658,317)	(633,083)
Acquisition and Construction of Capital Assets	(82,047)	(52,955)
Net Cash Provided by (Used in) Capital and Related Financing Activities	7,641	(102,162)
CASH FLOWS FROM INVESTING ACTIVITIES:		
State Board Fund B Pool Investment	29,257	42,826
Interest Received on Demand Deposits	3,089	2,156
Net Cash Provided by Investing Activities	32,346	44,982
NET INCREASE IN CASH	460,659	371,969
Cash at Beginning of Year	2,826,820	2,454,851
Cash at End of Year	\$ 3,287,479	\$ 2,826,820

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, 2012 AND 2011

	2012	2011
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Loss	\$ (513,592)	\$ (461,006)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and Amortization	1,051,524	1,057,520
(Increase) Decrease in Accounts Receivable	17,362	(16,126)
Increase in Unbilled Receivables	(9,707)	(930)
Increase in Inventory	(371)	(1,116)
Increase in Prepaid Expenses	(801)	-
Increase (Decrease) in Accounts Payable	(2,226)	1,951
Increase in Due to General Fund	292	93
Decrease in Accrued Payroll and Related Taxes	(4,508)	(24,296)
Increase (Decrease) in Accrued Vacation Payable	3,385	(3,855)
Increase in Customer Deposits	6,882	12,698
 Total Adjustments	 1,061,832	 1,025,939
 Net Cash Provided by Operating Activities	 \$ 548,240	 \$ 564,933
 NONCASH CAPITAL ACTIVITIES:		
Utility system construction on account	\$ -	\$ (527)
Developer utility system contributions	493,948	-
 NONCASH INVESTING ACTIVITIES:		
State Board Fund B Pool investment gain	33,246	20,773

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, 2012**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:			
Water Sales	\$ 962,000	\$ 1,011,519	\$ 49,519
Sewer Revenue	570,200	604,591	34,391
Reuse Water Sales	100,000	87,693	(12,307)
Connection Fees	32,500	31,465	(1,035)
Garbage Revenue	354,741	358,768	4,027
Late Fees and Other Revenue	52,500	45,947	(6,553)
Interest Revenue	1,900	3,089	1,189
Increase in Fair Value of Investments	10,000	33,246	23,246
Grants and Miscellaneous Revenue	-	432	432
Water, Sewer and Reuse Impact Fees	-	214,504	214,504
Transfers in from Sales Tax Revenue Fund	730,138	730,138	-
Total Revenues	2,813,979	3,121,392	307,413
EXPENSES:			
Personal Services	630,323	563,493	66,830
Operating Expenses - Water	382,817	388,354	(5,537)
Operating Expenses - Sewer	297,938	324,343	(26,405)
Operating Expenses - Garbage	326,410	325,861	549
Amortization	39,055	39,055	-
Interest Expense	75,390	72,355	3,035
Debt Issuance Costs	19,048	24,273	(5,225)
Principal - Utility Debt	738,442	779,565	(41,123)
Equipment Purchases	55,000	53,482	1,518
Utility System Improvements	145,000	21,763	123,237
Transfers out to General Fund	128,000	128,000	-
Total Expenses	2,837,423	2,720,544	116,879
Excess (Deficiency) of Revenues Over (Under) Expenses	\$ (23,444)	\$ 400,848	\$ 424,292

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, 2012 AND 2011

	2012	2011
CAPITAL ASSETS:		
Land	\$ 1,660,349	\$ 1,660,349
Buildings	12,054,687	12,054,687
Improvements Other Than Buildings	1,964,774	1,931,406
Furniture and Equipment	4,666,030	4,434,613
Infrastructure	1,480,447	1,480,447
Construction in Progress	180,654	112,166
 Total Capital Assets	 \$ 22,006,941	 \$ 21,673,668
 INVESTMENT IN CAPITAL ASSETS FROM:		
Excise Taxes Revenue Bonds	\$ 375,000	\$ 375,000
Capital Improvement Revenue Bonds	293,287	293,287
Federal Grants	450,542	447,480
State of Florida Grants	582,829	582,829
Lake County Grants	631,040	631,040
Donations and Developer Contributions	2,501,153	2,501,153
General Fund Revenues	17,173,090	16,842,879
 Total Investment in Capital Assets	 \$ 22,006,941	 \$ 21,673,668

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, 2012

FUNCTION AND ACTIVITY	LAND	BUILDINGS	IMPROVEMENTS OTHER THAN BUILDINGS		FURNITURE AND EQUIPMENT	INFRA-STRUCTURE	CONSTRUCTION	
			BUILDINGS	BUILDINGS			IN PROGRESS	TOTAL
GENERAL GOVERNMENT:								
Town Manager	\$ -	\$ -	\$ -	\$ -	\$ 10,614	\$ -	\$ -	\$ 10,614
Town Clerk	-	-	-	-	8,096	-	-	8,096
Finance	-	-	-	-	46,713	-	-	46,713
Human Resources	-	-	-	-	7,551	-	-	7,551
Other General Government	1,003,382	2,848,875	174,336	174,336	465,943	-	-	4,492,536
Facilities Maintenance	-	-	-	-	39,206	-	-	39,206
Total General Government	1,003,382	2,848,875	174,336	174,336	578,123	-	-	4,604,716
PUBLIC SAFETY:								
Police	-	4,675	8,806	8,806	2,154,649	-	-	2,168,130
Building Inspections/Code Enf	-	-	-	-	23,156	-	-	23,156
Total Public Safety	-	4,675	8,806	8,806	2,177,805	-	-	2,191,286
GROWTH MANAGEMENT								
PUBLIC WORKS:								
Administration	-	1,639,187	13,502	13,502	56,461	-	68,488	1,777,638
Streets and Maintenance	174,247	142,433	124,484	124,484	984,809	1,480,447	-	2,906,420
Motor Pool	-	6,437	-	-	76,024	-	-	82,461
Total Public Works	174,247	1,788,057	137,986	137,986	1,117,294	1,480,447	68,488	4,766,519
CULTURE AND RECREATION:								
Library	48,000	6,631,993	-	-	241,483	-	-	6,921,476
Parks and Recreation	434,720	781,087	1,643,646	1,643,646	450,751	-	112,166	3,422,370
Total Culture and Recreation	482,720	7,413,080	1,643,646	1,643,646	692,234	-	112,166	10,343,846
Total Capital Assets	\$ 1,660,349	\$ 12,054,687	\$ 1,964,774	\$ 1,964,774	\$ 4,666,030	\$ 1,480,447	\$ 180,654	\$ 22,006,941

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, 2012

FUNCTION AND ACTIVITY	BALANCE 9/30/2011	ADDITIONS	TRANSFERS/ DISPOSALS	BALANCE 9/30/2012
GENERAL GOVERNMENT:				
Town Manager	\$ 9,096	\$ 1,518	\$ -	\$ 10,614
Town Clerk	8,096	-	-	8,096
Finance	45,195	1,518	-	46,713
Human Resources	6,033	1,518	-	7,551
Other General Government	4,431,811	60,725	-	4,492,536
Facilities Maintenance	39,206	-	-	39,206
Total General Government	4,539,437	65,279	-	4,604,716
PUBLIC SAFETY:				
Police	2,067,226	100,904	-	2,168,130
Building Inspections/Code Enforce	23,156	-	-	23,156
Total Public Safety	2,090,382	100,904	-	2,191,286
GROWTH MANAGEMENT	85,255	15,319	-	100,574
PUBLIC WORKS:				
Administration	1,709,150	68,488	-	1,777,638
Streets and Maintenance	2,887,530	18,890	-	2,906,420
Motor Pool	73,063	9,398	-	82,461
Total Public Works	4,669,743	96,776	-	4,766,519
CULTURE AND RECREATION:				
Library	6,919,725	1,751	-	6,921,476
Parks and Recreation	3,369,126	53,244	-	3,422,370
Total Culture and Recreation	10,288,851	54,995	-	10,343,846
Total Capital Assets	\$ 21,673,668	\$ 333,273	\$ -	\$ 22,006,941

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.

<u>Contents</u>	<u>Page</u>
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.	99-102
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.	103-107

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 NINE FISCAL YEARS
(Accrual basis of accounting)

	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	<u>4,659,004</u>	<u>5,121,152</u>	<u>5,116,313</u>	<u>4,948,479</u>
 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	<u>645,135</u>	<u>1,292,801</u>	<u>947,600</u>	<u>1,538,871</u>
 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	<u>5,304,139</u>	<u>6,413,953</u>	<u>6,063,913</u>	<u>6,487,350</u>
 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.

<u>Fiscal Year 2008</u>	<u>Fiscal Year 2009</u>	<u>Fiscal Year 2010</u>	<u>Fiscal Year 2011</u>	<u>Fiscal Year 2012</u>
\$ 10,361,952	\$ 10,365,935	\$ 9,603,282	\$ 11,155,386	\$ 10,834,189
511,694	781,865	1,781,385	18,694	253,198
-	-	-	-	-
52,245	53,345	56,908	24,520	4,957
152,649	110,568	29,295	-	7,339
1,584,846	1,587,846	1,590,846	1,590,846	1,590,846
-	-	-	-	-
<u>3,363,431</u>	<u>3,327,725</u>	<u>4,301,552</u>	<u>5,671,890</u>	<u>6,512,844</u>
<u>\$ 16,026,817</u>	<u>\$ 16,227,284</u>	<u>\$ 17,363,268</u>	<u>\$ 18,461,336</u>	<u>\$ 19,203,373</u>
\$ 18,689,898	\$ 20,404,754	\$ 21,138,522	\$ 20,844,418	\$ 21,148,454
1,577,122	1,238,859	1,039,979	1,075,399	1,284,655
61,755	62,627	63,190	63,768	-
<u>1,262,800</u>	<u>1,053,781</u>	<u>1,212,779</u>	<u>1,541,857</u>	<u>1,829,470</u>
<u>\$ 21,591,575</u>	<u>\$ 22,760,021</u>	<u>\$ 23,454,470</u>	<u>\$ 23,525,442</u>	<u>\$ 24,262,579</u>
\$ 29,051,850	\$ 30,770,689	\$ 30,741,804	\$ 31,999,804	\$ 31,982,643
2,088,816	2,020,724	2,821,364	1,094,093	1,537,853
61,755	62,627	63,190	63,768	-
52,245	53,345	56,908	24,520	4,957
152,649	110,568	29,295	-	7,339
1,584,846	1,587,846	1,590,846	1,590,846	1,590,846
-	-	-	-	-
<u>4,626,231</u>	<u>4,381,506</u>	<u>5,514,331</u>	<u>7,213,747</u>	<u>8,342,314</u>
<u>\$ 37,618,392</u>	<u>\$ 38,987,305</u>	<u>\$ 40,817,738</u>	<u>\$ 41,986,778</u>	<u>\$ 43,465,952</u>

TOWN OF LADY LAKE, FLORIDA
CHANGES IN NET ASSETS
LAST NINE 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
Total Governmental Activities Expenses	6,162,746	6,806,117	7,460,039	10,087,389
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
Total Business-Type Activities Expenses	1,163,071	1,408,721	1,535,017	1,964,799
Total Expenses	\$ 7,325,817	\$ 8,214,838	\$ 8,995,056	\$ 12,052,188
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
Public Works	-	-	-	-
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
Total Governmental Activities Program Revenues	1,767,000	3,030,424	1,958,085	5,260,098
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
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	394,131	1,318,567	265,486	4,004,394
Total Business-Type Activities Program Revenues	1,465,284	2,482,926	1,619,607	5,495,254
Total Program Revenues	\$ 3,232,284	\$ 5,513,350	\$ 3,577,692	\$ 10,755,352
NET REVENUE (EXPENSE)				
Governmental Activities	\$ (4,395,746)	\$ (3,775,693)	\$ (5,501,954)	\$ (4,827,291)
Business-Type Activities	302,213	1,074,205	84,590	3,530,455
Total Net Expense	\$ (4,093,533)	\$ (2,701,488)	\$ (5,417,364)	\$ (1,296,836)

<u>Fiscal Year 2008</u>	<u>Fiscal Year 2009</u>	<u>Fiscal Year 2010</u>	<u>Fiscal Year 2011</u>	<u>Fiscal Year 2012</u>
\$ 2,116,586	\$ 1,933,144	\$ 1,717,836	\$ 1,526,644	\$ 1,480,301
4,675,709	4,515,835	4,521,168	4,252,583	4,183,461
428,130	267,442	246,849	267,673	205,076
1,459,612	1,509,663	1,380,692	1,531,843	1,642,133
1,026,511	999,196	1,000,149	1,195,056	1,334,575
9,339	11,916	133,743	148,077	143,289
<u>9,715,887</u>	<u>9,237,196</u>	<u>9,000,437</u>	<u>8,921,876</u>	<u>8,988,835</u>
933,226	1,133,735	1,134,744	1,091,782	1,157,928
774,490	1,226,015	1,289,583	1,271,914	1,266,414
311,864	312,382	312,829	318,655	325,861
<u>2,019,580</u>	<u>2,672,132</u>	<u>2,737,156</u>	<u>2,682,351</u>	<u>2,750,203</u>
<u>\$ 11,735,467</u>	<u>\$ 11,909,328</u>	<u>\$ 11,737,593</u>	<u>\$ 11,604,227</u>	<u>\$ 11,739,038</u>
\$ 179,083	\$ 36,471	\$ 19,975	\$ 33,050	\$ 20,583
1,393,794	1,208,716	1,113,352	1,049,975	1,148,897
186,009	76,803	56,217	49,930	44,806
-	-	13,466	16,475	19,183
29,163	25,978	29,210	27,272	32,502
408,982	279,589	313,310	396,452	198,181
579,163	148,211	559,587	493,353	234,178
<u>2,776,194</u>	<u>1,775,768</u>	<u>2,105,117</u>	<u>2,066,507</u>	<u>1,698,330</u>
1,073,086	1,000,324	955,189	1,044,641	1,070,237
347,695	576,178	629,730	699,705	710,978
338,233	338,203	340,418	359,543	358,768
-	-	-	1,890	432
1,342,358	1,361,733	836,819	34,488	708,452
<u>3,101,372</u>	<u>3,276,438</u>	<u>2,762,156</u>	<u>2,140,267</u>	<u>2,848,867</u>
<u>\$ 5,877,566</u>	<u>\$ 5,052,206</u>	<u>\$ 4,867,273</u>	<u>\$ 4,206,774</u>	<u>\$ 4,547,197</u>
\$ (6,939,693)	\$ (7,461,428)	\$ (6,895,320)	\$ (6,855,369)	\$ (7,290,505)
1,081,792	604,306	25,000	(542,084)	98,664
<u>\$ (5,857,901)</u>	<u>\$ (6,857,122)</u>	<u>\$ (6,870,320)</u>	<u>\$ (7,397,453)</u>	<u>\$ (7,191,841)</u>

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TOWN OF LADY LAKE, FLORIDA
CHANGES IN NET ASSETS (continued)
LAST NINE 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	<u>5,569,401</u>	<u>5,818,915</u>	<u>4,818,352</u>	<u>4,242,798</u>
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	<u>108,086</u>	<u>791,037</u>	<u>2,645,995</u>	<u>3,501,834</u>
Total General Revenues and Transfers	<u>\$ 5,677,487</u>	<u>\$ 6,609,952</u>	<u>\$ 7,464,347</u>	<u>\$ 7,744,632</u>
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	<u>\$ 1,583,954</u>	<u>\$ 3,908,464</u>	<u>\$ 2,046,983</u>	<u>\$ 6,447,796</u>

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

<u>Fiscal Year 2008</u>	<u>Fiscal Year 2009</u>	<u>Fiscal Year 2010</u>	<u>Fiscal Year 2011</u>	<u>Fiscal Year 2012</u>
\$ 1,998,784	\$ 2,581,571	\$ 2,717,691	\$ 2,611,571	\$ 2,551,573
1,750,420	1,569,576	1,591,571	1,751,849	1,763,033
1,136,241	1,298,195	1,449,685	1,365,739	1,295,015
1,484,241	1,791,745	1,976,462	1,980,086	2,208,800
644,564	697,758	699,282	703,755	704,042
212,044	329,145	202,738	130,564	112,217
-	-	-	-	-
<u>(701,163)</u>	<u>(606,095)</u>	<u>(606,125)</u>	<u>(590,127)</u>	<u>(602,138)</u>
<u>6,525,131</u>	<u>7,661,895</u>	<u>8,031,304</u>	<u>7,953,437</u>	<u>8,032,542</u>
54,042	(41,955)	63,324	22,929	36,335
<u>701,163</u>	<u>606,095</u>	<u>606,125</u>	<u>590,127</u>	<u>602,138</u>
<u>755,205</u>	<u>564,140</u>	<u>669,449</u>	<u>613,056</u>	<u>638,473</u>
<u>\$ 7,280,336</u>	<u>\$ 8,226,035</u>	<u>\$ 8,700,753</u>	<u>\$ 8,566,493</u>	<u>\$ 8,671,015</u>
\$ (414,562)	\$ 200,467	\$ 1,135,984	\$ 1,098,068	\$ 742,037
<u>1,836,997</u>	<u>1,168,446</u>	<u>694,449</u>	<u>70,972</u>	<u>737,137</u>
<u>\$ 1,422,435</u>	<u>\$ 1,368,913</u>	<u>\$ 1,830,433</u>	<u>\$ 1,169,040</u>	<u>\$ 1,479,174</u>

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Reserved	102,443	134,255	250,293	253,335
Assigned	-	-	-	-
Unassigned	-	-	-	-
Unreserved	<u>4,482,344</u>	<u>4,495,698</u>	<u>5,077,867</u>	<u>5,199,945</u>
Total General Fund	<u>\$ 4,584,787</u>	<u>\$ 4,629,953</u>	<u>\$ 5,328,160</u>	<u>\$ 5,453,280</u>
All Other Governmental Funds				
Restricted	\$ -	\$ -	\$ -	\$ -
Reserved	1,577,685	2,555,097	3,205,390	2,168,936
Unreserved, reported in:				
Debt service funds	<u>2,102</u>	<u>10,732</u>	<u>33,165</u>	<u>-</u>
Total all other governmental funds	<u>\$ 1,579,787</u>	<u>\$ 2,565,829</u>	<u>\$ 3,238,555</u>	<u>\$ 2,168,936</u>

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ -	\$ -	\$ -	\$ -	\$ 141,268	\$ 107,936
-	-	-	-	1,634,060	1,856,340
1,918,082	1,920,764	1,957,396	2,244,175	-	-
-	-	-	-	21,431	12,768
-	-	-	-	5,061,025	5,765,899
<u>4,831,656</u>	<u>3,325,535</u>	<u>3,360,942</u>	<u>4,307,215</u>	<u>-</u>	<u>-</u>
<u>\$ 6,749,738</u>	<u>\$ 5,246,299</u>	<u>\$ 5,318,338</u>	<u>\$ 6,551,390</u>	<u>\$ 6,857,784</u>	<u>\$ 7,742,943</u>
\$ -	\$ -	\$ -	\$ -	\$ 583,030	\$ 809,506
138,759	511,694	776,419	891,389	-	-
-	-	-	-	-	-
<u>\$ 138,759</u>	<u>\$ 511,694</u>	<u>\$ 776,419</u>	<u>\$ 891,389</u>	<u>\$ 583,030</u>	<u>\$ 809,506</u>

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Revenues					
Taxes	\$ 4,037,868	\$ 4,421,158	\$ 4,988,671	\$ 5,646,998	\$ 5,917,231
Licenses and Permits	170,528	182,997	497,441	599,368	1,088,610
Intergovernmental Revenues	1,389,067	1,375,162	2,021,370	1,688,267	2,926,694
Charges for Services	140,721	128,800	143,377	139,781	150,950
Fines and Forfeitures	75,831	90,429	72,948	83,664	107,193
Investment Earnings	113,295	139,378	189,312	358,472	454,554
Miscellaneous	111,825	853,999	910,955	765,804	2,175,751
Total Revenues	6,039,135	7,191,923	8,824,074	9,282,354	12,820,983
Expenditures					
General Government	1,062,272	1,232,242	1,483,321	1,696,456	3,121,174
Public Safety	2,379,383	2,769,791	3,166,649	3,567,311	4,706,147
Growth Management	172,220	158,050	279,668	301,659	487,836
Public Works	782,776	922,035	775,849	1,165,617	1,122,347
Culture and Recreation	504,349	583,211	611,836	866,326	942,050
Capital Outlay	2,558,403	382,787	507,330	117,484	55,668
Debt Service:					
Principal	34,000	36,000	38,000	11,991	74,494
Interest	6,899	4,945	2,874	689	-
Total Expenditures	7,500,302	6,089,061	6,865,527	7,727,533	10,509,716
Excess (Deficiency) of Revenues over (under) Expenditures	(1,461,167)	1,102,862	1,958,547	1,554,821	2,311,267
Other Financing Sources (Uses)					
Loan Proceeds	-	-	-	-	-
Capital Lease	-	-	-	-	273,065
Transfers in	1,818,390	26,000	28,000	115,628	30,500
Transfers out	(1,818,390)	(110,819)	(631,510)	(2,618,068)	(3,349,357)
Sale of Capital Assets	5,618	13,165	15,896	3,120	806
Other Losses	-	-	-	-	-
Total Other Financing Sources (Uses)	5,618	(71,654)	(587,614)	(2,499,320)	(3,044,986)
Net Change in Fund Balances	\$ (1,455,549)	\$ 1,031,208	\$ 1,370,933	\$ (944,499)	\$ (733,719)
Debt service as a percentage of noncapital expenditures	0.8%	0.7%	0.7%	0.2%	0.8%

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 6,005,261	\$ 7,020,405	\$ 7,382,152	\$ 7,321,480	\$ 7,493,824
772,972	409,063	294,920	268,169	290,528
1,482,333	1,396,891	1,304,226	2,326,516	1,253,675
158,561	163,865	172,804	171,293	177,124
118,481	84,927	67,747	32,505	43,908
212,044	329,145	202,738	130,564	112,217
1,014,262	749,223	727,893	777,482	1,020,181
<u>9,763,914</u>	<u>10,153,519</u>	<u>10,152,480</u>	<u>11,028,009</u>	<u>10,391,457</u>
1,976,628	1,815,854	1,477,360	1,407,678	1,398,473
4,560,641	4,605,430	4,272,207	4,039,535	4,150,583
437,204	257,645	236,642	260,165	215,450
1,356,600	1,336,765	1,359,998	1,396,223	1,541,586
905,622	866,044	895,223	1,047,000	1,022,768
882,986	445,688	3,086,961	2,018,776	-
62,282	130,111	167,895	120,892	125,584
12,212	8,383	127,041	150,480	145,788
<u>10,194,175</u>	<u>9,465,920</u>	<u>11,623,327</u>	<u>10,440,749</u>	<u>8,600,232</u>
(430,261)	687,599	(1,470,847)	587,260	1,791,225
-	-	3,400,000	-	-
-	251,000	-	-	-
29,000	124,000	277,057	826,608	332,000
(730,163)	(730,095)	(883,182)	(1,416,735)	(934,138)
920	4,260	24,994	902	1,802
-	-	-	-	(79,254)
<u>(700,243)</u>	<u>(350,835)</u>	<u>2,818,869</u>	<u>(589,225)</u>	<u>(679,590)</u>
<u>\$ (1,130,504)</u>	<u>\$ 336,764</u>	<u>\$ 1,348,022</u>	<u>\$ (1,965)</u>	<u>\$ 1,111,635</u>

0.8%	1.5%	3.6%	3.3%	3.2%
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TOWN OF LADY LAKE, FLORIDA
GENERAL GOVERNMENTAL TAX REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

FISCAL YEAR	PROPERTY TAXES	INFRA-STRUCTURE		EXCISE TAXES	FRANCHISE FEES	UTILITY TAXES	COMMUNI-CATIONS SERVICES TAX		TOTAL TAXES
		SALES SURTAX	SALES SURTAX				SALES TAX	SALES TAX	
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		
2009	2,581,571	991,668	390,202	1,298,195	928,796	829,973	7,020,405		
2010	2,717,691	997,730	303,638	1,449,685	1,107,660	823,485	7,399,889		
2011	2,611,571	1,108,224	305,308	1,365,739	1,073,087	857,551	7,321,480		
2012	2,551,573	1,160,271	298,767	1,295,015	998,436	1,189,762	7,493,824		

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		
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%
2009	1,210,867,523	777,261,395	136,738,119	79,496,526	1,347,605,642	856,757,921	3.087	63.58%
2010	1,152,451,691	772,717,249	143,010,344	87,983,845	1,295,462,035	860,701,094	3.281	66.44%
2011	1,091,692,049	742,189,105	135,380,406	82,087,812	1,227,072,455	824,276,917	3.281	67.17%
2012	1,057,818,762	726,450,279	130,303,491	76,692,713	1,188,122,253	803,142,992	3.281	67.60%

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).

For fiscal year 2009 and after, an additional homestead exemption of up to \$25,000 for home values above \$50,000 was approved by constitutional amendment. The amendment also includes other provisions that have an effect on tangible personal property and non-homestead property taxable values.

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

FISCAL YEAR	TOWN DIRECT RATE	LAKE COUNTY	SCHOOL DISTRICT	OVERLAPPING RATES				HOSPITAL DISTRICT	TOTAL DIRECT AND OVERLAPPING RATES
				WATER CONSERVATION AUTHORITY	WATER MANAGEMENT DISTRICT	AMBULANCE DISTRICT			
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	
2009	3.087	4.761 *	7.517	0.213	0.416	0.465	1.000	17.459 *	
2010	3.281	5.083 *	7.532	0.213	0.416	0.465	1.000	17.990 *	
2011	3.281	5.163 *	7.523	0.241	0.416	0.385	1.000	18.009 *	
2012	3.281	5.163 *	7.394	0.241	0.331	0.385	1.000	17.795 *	

Source-Lake County Property Appraiser's Office

Florida Statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The Town's direct rate does not have any separate components.

Overlapping rates are those of local and county governments that apply to property owners within the Town of Lady Lake.

* An overlapping rate of .3222 for Lake County MSTU Fire was added in FY2009 but only to Town of Lady Lake property which is located outside of The Villages Fire Protection Special Assessment District. This new overlapping rate applies to less than 50% of the Town of Lady Lake's total taxable value.

TOWN OF LADY LAKE, FLORIDA
PRINCIPAL PROPERTY TAXPAYERS
SEPTEMBER 30, 2012
CURRENT YEAR COMPARED TO NINE YEARS AGO

Taxpayer	Fiscal Year 2012			Fiscal Year 2003		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Value
Villages Operating Company	\$ 33,079,887	1	4.12%			
Lazy B Cattle Venture LTD	26,046,757	2	3.24%			
Sun Communities Finance LP	18,405,674	3	2.29%	\$ 20,785,596	2	4.13%
SRK Lady Lake 21 Associates, LLC	16,919,840	4	2.11%			
Courtney Villages LLC	16,671,230	5	2.08%			
TMW Weltfonds Rolling Acres Plaza LP	15,257,894	6	1.90%			
Lady Lake Apartments LLC	10,936,248	7	1.36%			
Sam's East Inc	7,776,675	8	0.97%			
The Villages of Lake-Sumter, Inc	7,651,694	9	0.95%	59,963,756	1	11.90%
Kohl's Department Stores, Inc.	6,420,492	10	0.80%			
Embarq-Florida Inc (formerly Sprint-Florida)				9,982,328	3	1.98%
Sun Communities Finance				9,891,798	4	1.96%
Caleb's Place, Inc				5,260,170	5	1.04%
Sun Communities Finance, LLC				4,647,971	6	0.92%
Central Florida Lodging				4,613,711	7	0.92%
630 Griffen Ave., LLC				4,412,310	8	0.88%
631 Griffen Ave., LLC				3,618,152	9	0.72%
Lady Lake Inc.				3,528,058	10	0.70%
Total	\$ 159,166,391		19.82%	\$ 126,703,850		25.15%
Total Taxable Assessed Valuation	\$ 803,142,992			\$ 503,731,501		

Source: Tax year is equivalent to the following fiscal year. Tax Year 2011 and Tax Year 2002 ad valorem tax rolls of the Town of Lady Lake, Florida and Lake County Property Appraiser DR-403 AM.

**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>
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%
2009	2,644,812	2,579,917	97.5%	1,654	2,581,571	97.6%
2010	2,823,960	2,716,421	96.2%	1,270	2,717,691	96.2%
2011	2,704,453	2,606,368	96.4%	5,203	2,611,571	96.6%
2012	2,635,112	2,548,744	96.7%	2,829	2,551,573	96.8%

See Note 13 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	Loans Payable				
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	
2009	-	257,178	3,631,421	3,888,599	1.12%	275	
2010	3,362,194	127,089	2,948,061	6,437,344	1.82%	462	
2011	3,303,604	64,787	2,237,600	5,605,991	1.52%	402	
2012	3,242,807	-	1,458,035	4,700,842	1.19%	338	

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

^a See Page 99-101 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, 2012**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes	\$ -	4.64%	\$ -
Other debt			-
Subtotal, overlapping debt			-
Direct debt			3,242,807
Total direct and overlapping debt			<u>\$ 3,242,807</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	
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	562,128	168,035	730,163	1.51
2009	991,668	585,105	144,990	730,095	1.36
2010	997,730	646,442	236,740	883,182	1.13
2011	1,108,224	691,673	242,454	934,127	1.19
2012	1,160,271	719,114	215,023	934,137	1.24

**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	
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	69,687	14,007	83,694	4.06
2009	1,461,184	1,241,324	219,860	72,162	11,533	83,695	2.63
2010	1,458,163	1,228,975	229,188	74,724	8,970	83,694	2.74
2011	1,589,607	1,188,720	400,887	77,378	6,317	83,695	4.79
2012	1,647,575	1,276,190	371,385	121,248	3,569	124,817	2.98

¹ Water and sewer system gross revenues.

² Water and sewer operating expenses exclusive of depreciation and amortization.

Beginning in fiscal year 2003, covenants of the State Revolving Fund Loan require a debt coverage ratio of 1.15

**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>
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%
2009	14,129	7.71%	291,993	1.25%
2010 *	13,926	N/A	297,052	N/A
2011	13,946	0.14%	296,681	-0.13%
2012	13,909	-0.27%	299,677	1.01%

POPULATION DISTRIBUTION BY AGE - 2012

<u>Age</u>	<u>Lake County</u>	<u>State of Florida</u>
0-17	20.7%	21.2%
18-44	28.3%	34.2%
45-64	26.9%	27.0%
65+	24.1%	17.6%

POPULATION PER SQUARE MILE

<u>Year</u>	<u>Lake County</u>	<u>State of Florida</u>
2003	253	316
2004	264	325
2005	276	332
2006	290	340
2007	301	346
2008	303	349
2009	306	348
2010	312	349
2011	317	351
2012	319	356

Source: University of Florida, Bureau of Economics and Business Research, and the Metro Orlando Economic Development Commission

* Census Data

**TOWN OF LADY LAKE, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST SEVEN FISCAL YEARS**

Year	2006	2007	2008	2009
Population	12,805	12,842	13,117	14,129
Total Personal Income of all Lady Lake Residents	297,691,000	285,118,084	297,611,613	346,174,629
Per Capita Personal Income	23,248	22,202	22,689	24,501
Median Age	68	68	67	60
School Enrollment The Villages of Lady Lake Elementary	723	850	811	816
Lake County Unemployment Rate	3.0%	4.7%	8.5%	12.7%

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

Population from the Bureau of Economic and Business Research, University of Florida (BEBR).
Unemployment rate from the Florida Research and Economic Database (<http://fred/labormarketinfo.com>)
Median Age from 2010 U.S.Census

<u>2010</u>	<u>2011</u>	<u>2012</u>
13,926	13,946	13,909
353,342,406	368,495,886	393,812,611
24,789	26,461	28,314
66	65	67
761	794	761
11.9%	10.6%	8.9%

**TOWN OF LADY LAKE, FLORIDA
PRINCIPAL EMPLOYERS
SEPTEMBER 30, 2012**

Employer	2012			2006		
	* Employees	Rank	Percentage of Total Town Employment	* Employees	Rank	Percentage of Total Town Employment
Lady Lake Specialty Care	315	1	8.22%			
The Villages Daily sun	200	2	5.22%			
Sam's	176	3	4.59%			
The Home Depot	140	4	3.65%	156	3	4.94%
Katie Belles Music Hall	137	5	3.58%	100	6	3.16%
Publix Super Markets	133	6	3.47%	174	2	5.51%
Target Department Store	119	7	3.11%	201	1	6.36%
Kohl's Department Store	112	8	2.92%			
Winn Dixie Stores, Inc/Winn Dixie Liquors	106	9	2.77%	96	8	3.04%
Town of Lady Lake	105	10	2.74%	105	5	3.32%
The Villages of Lady Lake Elementary				99	7	3.13%
Probuild (Casmin, Inc.)				148	4	4.68%
Carrabba's Restaurant				88	9	2.78%
Belk's Department Store				85	10	2.69%
Total	1,543		40.27%	1,252		39.61%
Total Town Employment	3,832			3,160		

* Full time and/or part time positions.

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 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
General Government										
Town Manager	2	2	2	2	2	2	2	2	2	2
Town Clerk	2	2	2	3	3	3	3	3	2	2
Finance	4	4	4	5	5	6	6	5	4.5	4.5
Human Resource/Risk Management	2	2	2	2.5	3	3	3	3	2	2
Other General Gov.	0.5	0.5	0.5	0	0	0	0	0	0	0
Information Technology	0	0	0	0	0	0	0	1	1	2
Facilities Maint.	1	1	1	2	2	2	2	2	2	2
Motor Pool	1	1	1	1	1	2	2	0	0	0
Total General Government	12.5	12.5	12.5	15.5	16	18	18	16	13.5	14.5
Public Safety										
Police Officers	24	24	23	28	29	29	30	30	30	28
Police Civilians	11	11	11	14	14	15.5	16	15	14.5	14.5
Building Dept.	3	3	3	4	4	4	3	3	1	1
Code Enforcement	0.5	0.5	0.5	1	1	1	1	1	1	1
Total Public Safety	38.5	38.5	37.5	47	48	49.5	50	49	46.5	44.5
Growth Management	2	2	2	3	4	4	3	3	3	3
Public Works										
Administration	2	2	2	2	2	2	2	2	2	2
Street Maint.	6	6	7	9	9	9	9	9	10	10
Motor Pool	0	0	0	0	0	0	0	2	2	2
Total Public Works	8	8	9	11	11	11	11	13	14	14
Culture and Recreation										
Library	5.5	5.5	5.5	6	6	6	6.5	6.5	7.5	7
Parks & Recreation	3	3	3	5	5	5	5	5	5	5
Total Culture and Recreation	8.5	8.5	8.5	11	11	11	11.5	11.5	12.5	12
Utilities										
Water	6	6	6	7	7	9	10	10	10	9
Solid Waste	1	1	1	0	0	0	0	0	0	0
Sewer	0	0	0	2	3	5	3	3	3	3
Total Utilities	7	7	7	9	10	14	13	13	13	12
Total Government Employees	76.5	76.5	76.5	96.5	100	107.5	106.5	105.5	102.5	100

Source: Finance Department

TOWN OF LADY LAKE, FLORIDA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST SEVEN FISCAL YEARS

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Police				
Booking Arrests	240	299	303	284
DUI Citations	9	20	30	29
Misdemeanor Citations	35	36	40	34
Traffic Citations	2,735	3,614	2,922	2,639
Traffic Accidents	394	359	409	445
Warrants Arrests	20	39	45	46
Dispatch Center:				
Medical Calls	1,829	1,915	1,970	2,201
Assist other Agencies	386	363	368	398
General Calls	23,737	28,433	28,216	23,341
Building Department				
Total Commercial Permits	135	215	310	314
Total Residential Permits	1,676	1,253	1,023	948
Number of Permits Issued	1,811	1,468	1,333	1,262
Total Construction Value	\$72,145,552	\$83,634,615	\$63,514,655	\$28,603,549
Growth Management				
Site Plans Approved	7	14	15	10
Clerk's Office				
Business Tax Receipts	990	1,016	1,018	1,014
Roads and Streets				
Potholes repaired	200	150	250	250
Street resurfacing (miles)	2.5	0	1.5	2.85
Street Micro-resurfacing (miles)	0	0	8.9	3.35
Library				
Total Circulation (library materials checked out)	119,549	117,519	126,376	129,708
Total Users of Public Internet Computers	24,225	28,340	27,846	30,160
Total Reference Transactions	22,320	20,226	23,042	22,412
Total Annual Programs	405	1,093	1,236	2,175
Total Program Attendance	5,103	7,844	7,093	7,139
Total Number of Registered Card Holders	7,217	6,704	7,684	7,665
Total Number of Volunteer Hours	658	2,022	1,956	2,432
Total Library visitors	109,440	112,961	117,257	125,315
Parks and Recreation				
Number of Recreation Leases	5	8	12	8
Number of Bookings for Library Room 100	-	-	-	-
Number of Bookings for Library Room 204, 207 and Study	-	-	-	-
Number of Bookings at the Community Building	594	660	575	525
Water				
Commercial Connections	256	276	329	360
Residential Connections	1,422	1,402	1,930	1,926
Total Connections	1,678	1,678	2,259	2,286
Total Equivalent Residential Units	2,499	2,507	3,529	3,623
Average Daily Consumption (gallons per day)	648,000	709,446	699,478	586,709
Reuse				
Commercial Connections	-	-	10	10
Residential Connections	-	-	0	0
Total Equivalent Residential Units	-	-	0	0
Average Daily Consumption (gallons per day)	-	-	81,000	150,000
Wastewater				
Commercial Connections	118	135	169	189
Residential Connections	137	147	525	669
Total Connections	255	282	694	858
Total Equivalent Residential Units	736	765	1,636	1,818
Average Daily Sewage Treatment (gallons per day)	83,000	83,000	105,000	150,000

Notes: The Town implemented GASB 44 in fiscal year 2006
Reuse water distribution started 6/12/2008
New library completed in April 2011

Sources: Various Town departments

<u>2010</u>	<u>2011</u>	<u>2012</u>
293	254	414
46	18	30
33	44	47
2,338	1,211	1,462
374	366	382
34	29	44
2,746	2,773	2,418
442	496	312
31,042	31,725	27,797
308	290	240
1,195	1,186	1,065
1,503	1,476	1,305
\$16,280,632	\$12,103,916	\$24,027,568
2	1	0
1,183	1,037	1,073
750	450	600
1.28	0	0
5.00	5.14	4.57
124,025	110,435	140,181
33,532	41,187	38,850
18,792	19,500	24,364
830	289	605
11,200	11,008	15,505
7,334	7,972	9,412
2,622	3,399	4,786
122,559	125,060	149,741
8	8	8
-	-	145
-	-	421
599	483	358
378	402	420
1,923	1,956	1,931
2,301	2,358	2,351
3,679	3,680	3,859
630,000	699,980	662,634
22	34	27
0	0	0
25	34	104
150,000	142,000	109,000
209	222	226
669	707	672
878	929	898
1,875	1,939	1,950
170,000	186,000	220,500

TOWN OF LADY LAKE, FLORIDA
CAPITAL ASSET AND INFRASTRUCTURE STATISTICS
BY FUNCTION/PROGRAM
LAST SEVEN FISCAL YEARS

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Police				
Stations (Includes substation)	2	1	1	1
Sworn Officers (positions filled)	25	29	29	30
Administration Units	3	3	3	4
Patrol Units	13	20	20	20
Motorcycle Units	0	2	2	2
Investigation Units	2	2	2	2
School Resource Officer Unit	0	1	1	1
K-9 Officer with Dog Unit	1	1	1	1
Support (Non-Sworn)	14	14	16	16
Roads and Streets				
Paved Roads (miles)	59.45	59.45	61.21	61.21
Unpaved Roads (miles)	2.51	2.51	2.51	2.51
Sidewalks (feet)	9,100	9,100	9,100	9,100
Land Annexations (acreage)	233.5	503.2	16.8	55.05
Culture and Recreation:				
Libraries	1	1	1	1
Acreage	54	54	54	54
Parks	4	4	4	4
Recreation Centers	1	1	1	1
Basketball Courts	1	1	1	1
Racquetball Handball Courts	4	4	4	4
Tennis Courts	2	2	2	2
Softball Fields	1	1	1	1
Baseball Fields	4	4	4	4
Playgrounds	1	1	1	1
Dog Park	1	1	1	1
Soccer Fields	3	3	3	3
Golf Driving Range	1	1	1	1
Water				
Water Mains (miles)	43.6	46.7	50.4	51.9
Storage Capacity (gallons)	550,000	550,000	565,000	565,000
Treatment Capacity (gallons per day)	2,358,000	2,358,000	2,358,000	2,358,000
Fire Hydrants	247	272	311	329
Water Plants	3	3	3	3
Reuse				
Water Mains (miles)	0	0	4.8	5.8
Storage Capacity (gallons)	0	0	1,200,000	1,200,000
Wastewater				
Sewers-Force Mains/Gravity (miles)	16.2	18.5	20.4	21.5
Treatment Capacity (gallons/daily)	250,000	250,000	630,000	630,000
Lift Stations	12	13	15	16

Note: The Town implemented GASB 44 in fiscal year 2006

Sources: Various Town departments

<u>2010</u>	<u>2011</u>	<u>2012</u>
1	1	1
30	28	28
4	3	3
20	20	20
2	2	2
2	2	2
1	1	0
1	0	1
16	16	15
61.21	61.21	61.44
2.58	2.58	2.58
9,100	9,100	9,100
55.67	26.83	0
1	1	1
54	54	54
4	4	4
1	1	1
1	1	1
4	4	4
2	2	2
1	1	1
4	4	4
1	1	1
1	1	1
3	3	3
1	1	1
54.2	54.3	54.3
565,000	565,000	565,000
2,358,000	2,358,000	2,358,000
355	305	306
3	3	3
7.3	7.3	7.3
1,200,000	1,200,000	1,200,000
23.3	23.3	23.4
630,000	638,000	638,000
18	18	18

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

March 11, 2013

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, 2012, which collectively comprise the Town of Lady Lake, Florida's basic financial statements and have issued our report thereon dated March 11, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A significant deficiency is a deficiency in internal control, or combination of 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 deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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.



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**TOWN OF LADY LAKE, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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 Department of Law Enforcement:				
Byrne Memorial Justice Assistance Grant Acquisition of Weapons (total grant \$9,268) Contract #2011-JAGC-LAKE-4-B2-059	16.738	\$ -	\$ -	\$ 7,572
Byrne Memorial Justice Assistance Grant Crime Scene Documentation (total grant \$8,028) Contract #2012-JAGC-LAKE-5-C4-103	16.738	7,743	7,743	7,743
Byrne Memorial Justice Assistance Grant Data Network Security (total grant \$3,062) Contract #2012-JAGC-LAKE-5-C5-043	16.738	3,062	3,062	3,062
FEDERAL HIGHWAY ADMINISTRATION				
Pass through the Florida Department of Transportation				
Safe-Routes-to-School Design Grant (total grant \$112,415) Contract #AQ361	20.205	49,146	-	49,146
Total Federal Awards		<u>\$ 59,951</u>	<u>\$ 10,805</u>	<u>67,523</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, 2012**

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>
		<u> </u>	<u> </u>	<u> </u>
Total State Financial Assistance		<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
Total State Receipts				<u>\$ 67,523</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*.

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INDEPENDENT AUDITOR'S REPORT ON EXAMINATION OF MANAGEMENT'S ASSERTION ABOUT COMPLIANCE WITH SPECIFIED REQUIREMENTS

March 11, 2013

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 11, 2013, 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, 2012. 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, 2012 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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MANAGEMENT LETTER

March 11, 2013

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

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 provisions of contracts or grant agreements, fraud, illegal acts, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential.
5. For matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors and based on professional judgment:
 - a. We have not reported any violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse.

- b. 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, 2012.
- 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(4)(d).

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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AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared Kathy Oster, who being duly sworn, deposes and says on oath that:

1. I am the Finance Director of the Town of Lady Lake which is a local governmental entity of the State of Florida.
2. The Town of Lady Lake adopted Ordinance Nos. 2008-29, 2008-30, and 2009-04 implementing new and updating existing impact fees.
3. The Town of Lady Lake has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.

Kathy Oster
 Kathy Oster, Finance Director

STATE OF FLORIDA
 COUNTY OF LAKE

SWORN TO AND SUBSCRIBED before me this 19th day of March, 2013.

Aubrey L. Cash
 NOTARY PUBLIC
 Print Name: Aubrey L. Cash

Personally known X or produced identification _____

Type of identification produced: _____

My Commission Expires: March 30, 2017

