

TOWN OF LADY LAKE, FLORIDA



**Town of Lady Lake Pyramid Park Improvements
Funded by Florida Recreation Development Assistance Program**

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

TOWN OF LADY LAKE, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2009

Prepared by:
Karen A. Rickelman, CGFO
Finance Director

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

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

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www.ladylake.org



March 16, 2010

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, 2009, is submitted herewith pursuant to Article III, Section 3.01 (f) of the Town Charter; *Florida Statutes* Chapters 11.45 and 218, and Rules of the Auditor General of the State of Florida, 10.550. State law requires an annual "financial audit" of "local governmental entities" be completed no later than twelve months after the end of the fiscal year. The CAFR is published to provide the Town Commission, Town staff, our citizens, our lenders and other interested parties with detailed information concerning the financial condition and activities of the Town.

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

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

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

The Town's financial statements have been audited in accordance with generally accepted auditing standards by Shumacker, Johnston & Ross, PA, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended September 30, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting

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principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town's financial statements for the fiscal year ended September 30, 2009, 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 9.08 square miles and serves a population of 14,129. 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 FY2009 property tax millage rate of \$3.087 per \$1,000 of taxable value was the second 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 16, 2010

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

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

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

FACTORS AFFECTING ECONOMIC CONDITION

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

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

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

Honorable Mayor, Commissioners
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Lady Lake, Florida
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During the fiscal year, completed commercial construction of significance includes the Sam's Club with fuel sales and car wash, Rolling Oaks Professional Office/Park, Florida Retina Institute, Village Crossroads out parcels, Sabal Palm Ventures office building and warehouse/storage, Sherwin Williams paint store and Summit Business Park of Lady Lake consisting of a 45,360 square foot medical office building and a 1,920 square foot retail building. Some of the out parcels of Village Crossroads being occupied during the year include Ranger Financial, Vitamin Shoppe, Aspen Dental, Wine World, Honeybaked Ham and Café, Shoe Biz, Fantastic Sam's, Golf Cart Connection, Corals Casual, Yesteryear Golf Cart, and Five Guys Burgers and Fries.

Significant commercial construction permitted and currently under construction are MMD Computers, CFT Retail Center, Tire Kingdom and the expansion of the Lady Lake Library by 44,069 square feet.

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

Lake County's December 2009 unemployment rate was 12.7%. This is up from 8.5% for the same time period last year. This rate is higher than the state average of 11.6% and United States average of 9.7% for the same period.

Taxable values for real and personal property has increased by 115% from fiscal year 2000, resulting in an increase in property tax revenue from 32% of total tax revenues in FY2000 to 37% of total tax revenues in FY2009. Amendment 1 was approved by the Florida electorate on January 29, 2008 and its impact reduced taxable values for FY2009 by 9% from FY2008 despite the significant commercial development. As a result of the 9% reduction in taxable values, the Town Commission increased the millage rate to 3.087 mills from 2.20 mills to help offset some of the loss in property tax revenue.

Long-term financial planning. The General Fund's unrestricted fund balance at September 30, 2009 is \$3,360,942. This balance represents 42% of the FY2010 General Fund budget when costs for the pass thru costs of the contracted fire contract and Library expansion costs funded from County Library impact fees and a transfer from the one-cent infrastructure sales surtax revenue fund ("sales tax revenue fund") are removed.

Relevant financial policies. The sales tax revenue 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 \$950,000 of sales tax revenue each year. In October 2004, the Town Commission approved borrowing \$6,000,000 and pledged the sales tax revenue for repayment of the debt through October 1, 2014. The proceeds of the loan were used to construct water and wastewater infrastructure

Honorable Mayor, Commissioners
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improvements, which included a new wastewater treatment plant. The debt service payments are made monthly and will require the use of approximately \$730,000 of sales tax revenues each year. The remainder of the sales tax revenues through its authorization date will be committed for debt service payments associated with the borrowing for the expansion of the Lady Lake Library.

Major initiatives. During fiscal year 2009, the Town completed construction of Phase II and IIa of the wastewater treatment facility consisting of 1 million gallons per day (MGD) of reclaimed treatment capacity, 1 MGD pretreatment structure and rerating the Phase I facility from 0.25 MGD to 0.4 MGD. These improvements will greatly enhance the Town's ability to provide wastewater and reuse water service to current and future development.

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

The continued increase in population and development has had an impact on the road systems within our community. The CR 466 four laning from the Sumter County line to its terminus at US 27/441 in Lady Lake is currently under construction. The Town is working with developers and other governmental agencies to expand other existing road systems to accommodate the explosive growth in our area.

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, 2008. This was the fourteenth 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.

Honorable Mayor, Commissioners
and Citizens of the Town of
Lady Lake, Florida
March 16, 2010

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

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

Respectfully submitted,



Kristen Kollgaard
Interim Town Manager



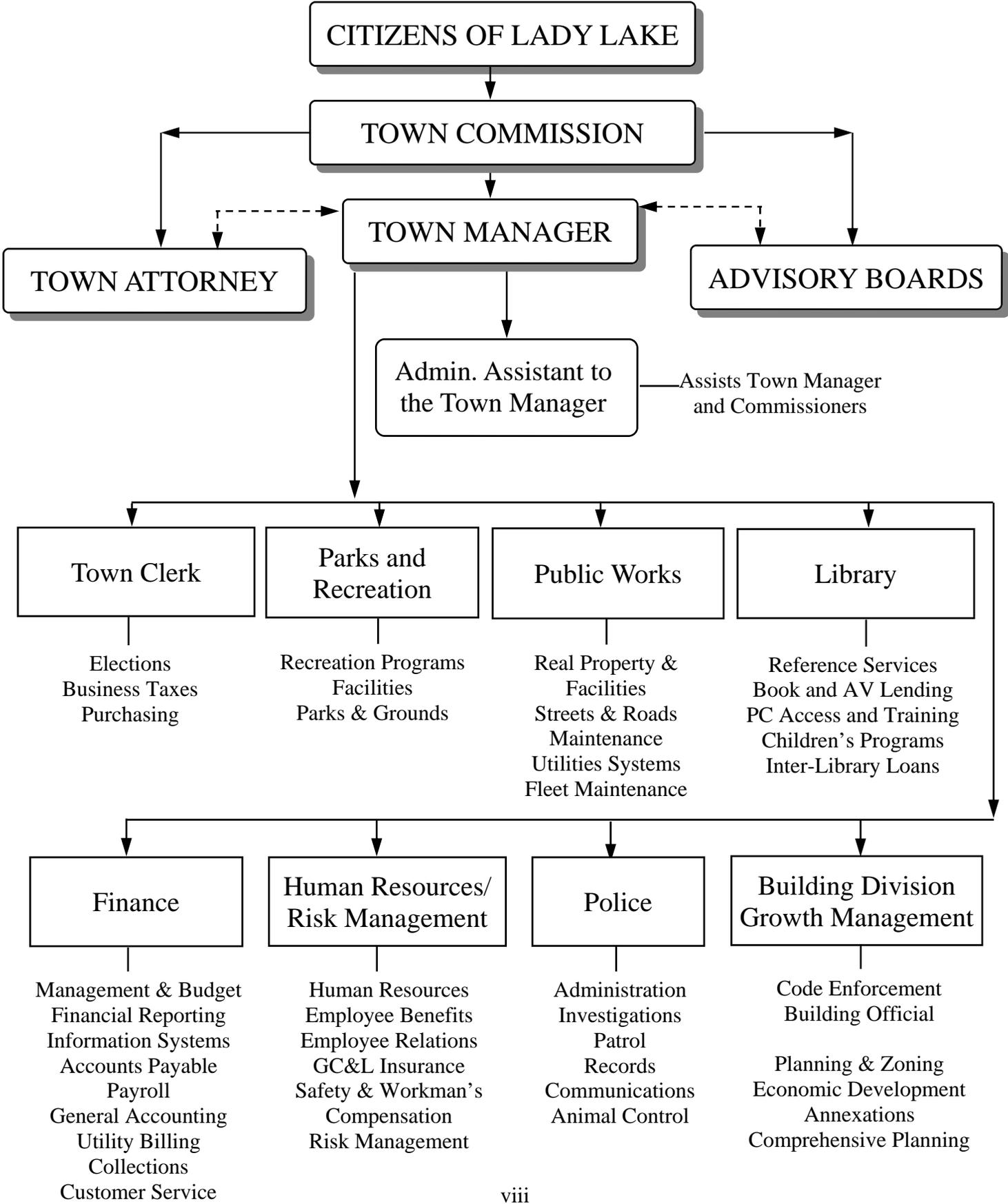
Karen A. Rickelman, CGFO
Finance Director

**TOWN OF LADY LAKE, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2009**

**TOWN COMMISSION AND OFFICIALS
AT SEPTEMBER 30, 2009**

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

TOWN OF LADY LAKE ORGANIZATIONAL CHART



Town of Lady Lake, Florida

Certificate of Achievement

For the year ended September 30, 2008

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, 2008. 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, 2008

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



A stylized handwritten signature in black ink.

President

A handwritten signature in black ink that reads "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 16, 2010

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, 2009, 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, 2009 and 2008, 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, 2009, 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, 2009 and 2008, 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, 2009 and 2008, and the results of operations of such funds and the cash flows of individual proprietary funds for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2010 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, 2009**

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, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - vi of this report.

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

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$38,987,305 (net assets). Of this amount, \$4,381,506 (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 \$1,368,913, of which \$1,168,446 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 \$6,094,757, an increase of \$336,764 in comparison with the prior year. Of this amount, \$3,360,942 or 55% is unreserved and available for use within the Town's fund designation and fiscal policies.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund was \$3,360,942, an increase of \$35,407 in comparison with the prior year. This represents 36% of total General Fund expenditures.
- The Town's total debt decreased by \$536,378 during the current fiscal year. The reduction was due to scheduled debt service payments on outstanding debt issues net of the new capital lease.

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, 2009**

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, 2009**

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

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

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

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

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

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

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

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

**TOWN OF LADY LAKE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2009**

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.

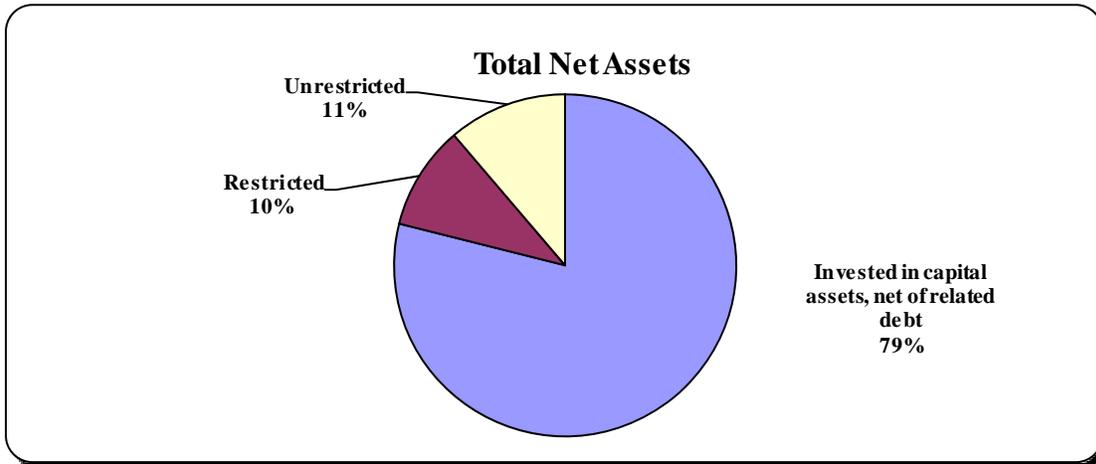
GOVERNMENT-WIDE FINANCIAL ANALYSIS

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 \$38,987,305 as of September 30, 2009. The following table reflects the condensed statement of net assets for the current fiscal year as compared to the prior fiscal year.

TOWN OF LADY LAKE'S NET ASSETS

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Current and other assets	\$ 6,609,021	\$ 6,700,465	\$ 4,254,374	\$ 4,824,042	\$ 10,863,395	\$ 11,524,507
Capital assets	10,623,113	10,498,241	22,741,052	21,711,755	33,364,165	32,209,996
Total Assets	<u>17,232,134</u>	<u>17,198,706</u>	<u>26,995,426</u>	<u>26,535,797</u>	<u>44,227,560</u>	<u>43,734,503</u>
Current and other liabilities	463,012	782,499	582,626	636,120	1,045,638	1,418,619
Long-term liabilities outstanding	541,838	389,390	3,652,779	4,308,102	4,194,617	4,697,492
Total Liabilities	<u>1,004,850</u>	<u>1,171,889</u>	<u>4,235,405</u>	<u>4,944,222</u>	<u>5,240,255</u>	<u>6,116,111</u>
Net Assets:						
Invested in capital assets, net of related debt	10,365,935	10,361,952	20,404,754	18,689,898	30,770,689	29,051,850
Restricted	2,533,624	2,301,434	1,301,486	1,638,877	3,835,110	3,940,311
Unrestricted	3,327,725	3,363,431	1,053,781	1,262,800	4,381,506	4,626,231
Total Net Assets	<u>\$ 16,227,284</u>	<u>\$ 16,026,817</u>	<u>\$ 22,760,021</u>	<u>\$ 21,591,575</u>	<u>\$ 38,987,305</u>	<u>\$ 37,618,392</u>

**TOWN OF LADY LAKE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2009**



The largest portion of the Town's net assets (\$30,770,689 or 79%) 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 (\$3,835,110 or 10%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$4,381,506 or 11%) may be used to meet the government's ongoing obligations to citizens and creditors.

As of September 30, 2009, 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 \$232,190 in the restricted net assets reported in connection with the Town's governmental activities. The major portion of this increase (\$264,725) was due to the collection of infrastructure surtax revenue (Capital Improvements) that was not spent.

The business-type activities had an increase of \$1,168,446 or 5% in total net assets compared to the prior year. The invested in capital assets, net of related debt, increased by \$1,714,856 or 9% largely due to developer contributions of water and sewer infrastructure. The restricted net assets decreased by \$337,391 or 21% due to the use of water and wastewater impact fees on impact fee eligible projects.

**TOWN OF LADY LAKE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2009**

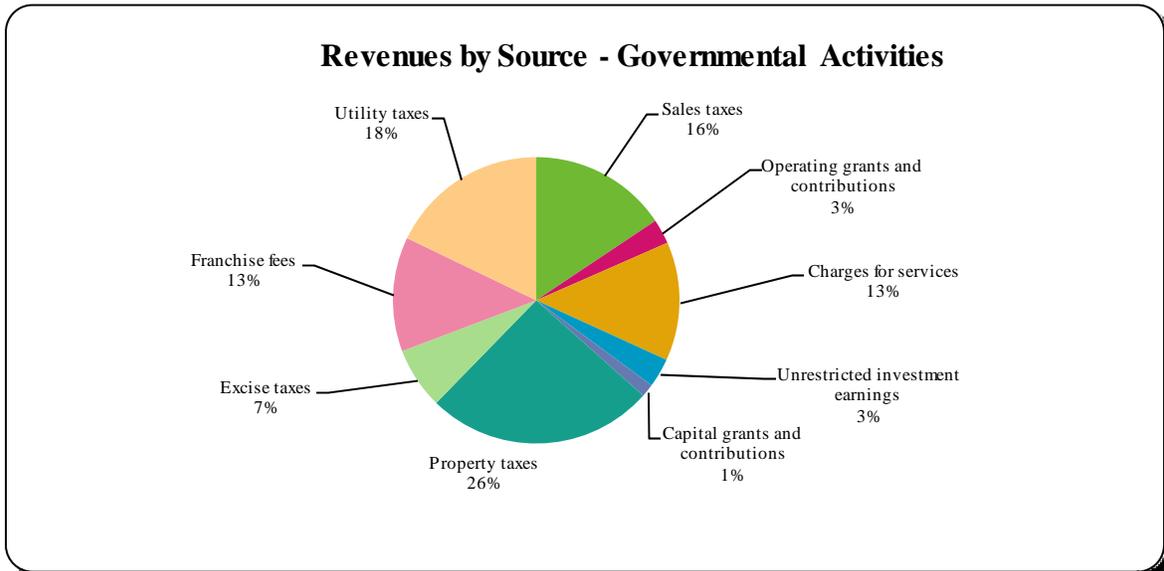
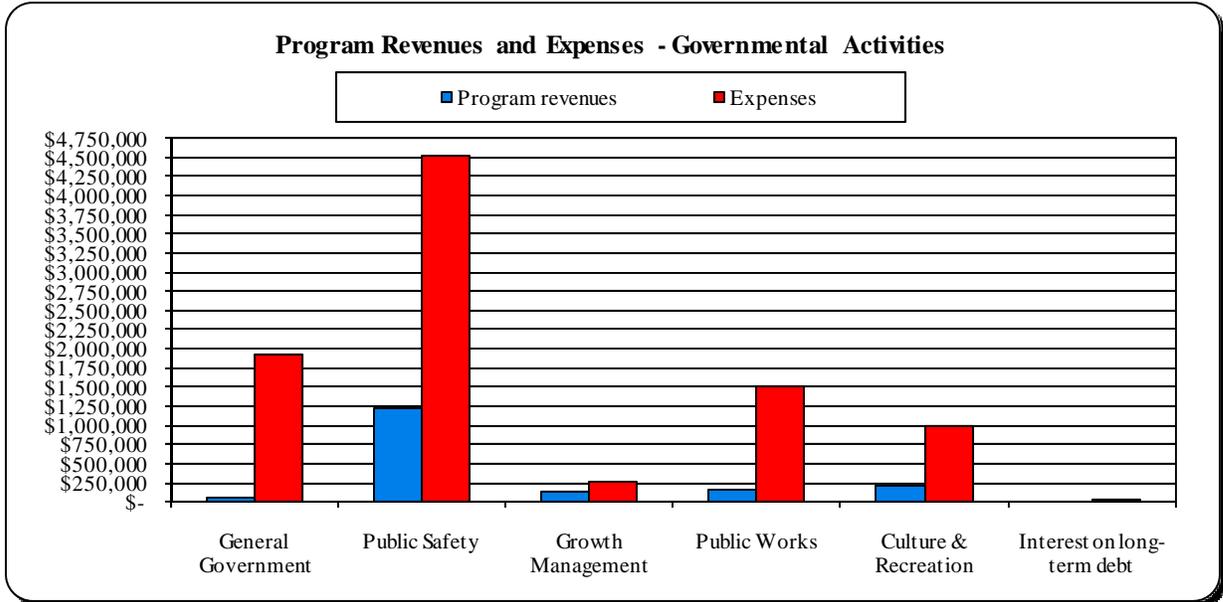
Statement of activities. As noted earlier, the statement of activities presents information showing how the Town's net assets changed during the current year. The following table reflects the condensed statement of activities for the current fiscal year as compared to the prior fiscal year.

TOWN OF LADY LAKE'S CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 1,347,968	\$ 1,788,049	\$ 1,914,705	\$ 1,759,014	\$ 3,262,673	\$ 3,547,063
Operating grants and contributions	279,589	408,982	-	-	279,589	408,982
Capital grants and contributions	148,211	579,163	1,361,733	1,342,358	1,509,944	1,921,521
General revenues:						
Property taxes	2,581,571	1,998,784	-	-	2,581,571	1,998,784
Sales taxes	1,569,576	1,750,420	-	-	1,569,576	1,750,420
Franchise fees	1,298,195	1,136,241	-	-	1,298,195	1,136,241
Utility taxes	1,791,745	1,484,241	-	-	1,791,745	1,484,241
Excise taxes	697,758	644,564	-	-	697,758	644,564
Unrestricted investment earnings	329,145	212,044	(41,955)	54,042	287,190	266,086
Total Revenues	<u>10,043,758</u>	<u>10,002,488</u>	<u>3,234,483</u>	<u>3,155,414</u>	<u>13,278,241</u>	<u>13,157,902</u>
Expenses:						
General Government	1,933,144	2,116,586	-	-	1,933,144	2,116,586
Public Safety	4,515,835	4,675,709	-	-	4,515,835	4,675,709
Growth Management	267,442	428,130	-	-	267,442	428,130
Public Works	1,509,663	1,459,612	-	-	1,509,663	1,459,612
Culture and Recreation	999,196	1,026,511	-	-	999,196	1,026,511
Interest on long-term det	11,916	9,339	-	-	11,916	9,339
Utility Services	-	-	2,672,132	2,019,580	2,672,132	2,019,580
Total Expenses	<u>9,237,196</u>	<u>9,715,887</u>	<u>2,672,132</u>	<u>2,019,580</u>	<u>11,909,328</u>	<u>11,735,467</u>
Change in net assets before transfers	806,562	286,601	562,351	1,135,834	1,368,913	1,422,435
Transfers	(606,095)	(701,163)	606,095	701,163	-	-
Change in net assets	<u>200,467</u>	<u>(414,562)</u>	<u>1,168,446</u>	<u>1,836,997</u>	<u>1,368,913</u>	<u>1,422,435</u>
Net Assets - 10/1/2008	<u>16,026,817</u>	<u>16,441,379</u>	<u>21,591,575</u>	<u>19,754,578</u>	<u>37,618,392</u>	<u>36,195,957</u>
Net Assets - 9/30/2009	<u>\$ 16,227,284</u>	<u>\$ 16,026,817</u>	<u>\$ 22,760,021</u>	<u>\$ 21,591,575</u>	<u>\$ 38,987,305</u>	<u>\$ 37,618,392</u>

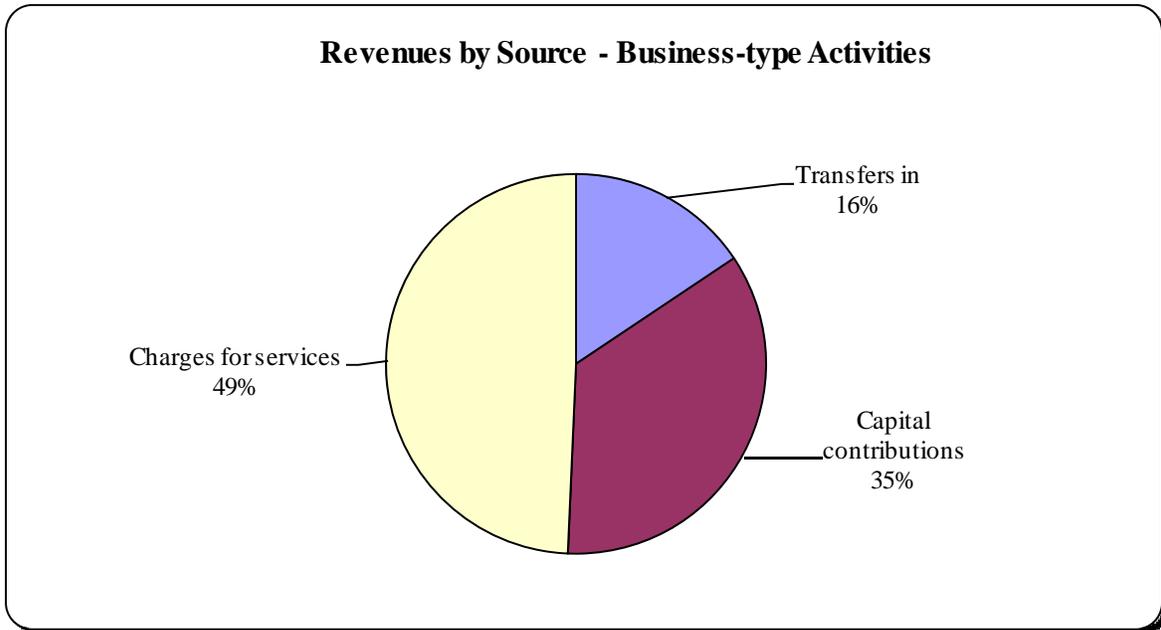
**TOWN OF LADY LAKE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2009**

Governmental activities. Governmental activities increased the Town's net assets by \$200,467. The main reason for this increase was the collection of infrastructure surtax revenue that was not spent.



**TOWN OF LADY LAKE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2009**

Business-type activities. Business-type activities increased the Town's net assets by \$1,168,446. The increase is due primarily to the increase in capital assets as a result of developer contributions of water and sewer infrastructure of \$1,148,982. The percentage breakdown of the business-type activities revenues can be seen below. Charges for services increased 3% over prior 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 unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2009, the Town's governmental funds reported combined ending fund balances of \$6,094,757, an increase of \$336,764 in comparison with the prior year. Approximately 55% of this total amount (\$3,360,942) constitutes the unreserved fund balance that is available for spending at the Town's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) to provide for prepaids (\$135,308), 2) to provide for building inspections (\$110,568), 3) police training and equipment (\$53,345), 4) education (\$1,587,846), 5) Recreation and Library Capital Improvements (\$5,446), 6) real property resale assets (\$64,883), and 7) infrastructure (\$776,419).

**TOWN OF LADY LAKE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2009**

The General Fund is the primary operating fund of the Town. As of the end of fiscal year 2009, the fund balance of the General Fund was \$5,318,338, of which \$1,957,396 was reserved. The fund balance increased by \$72,039 of which \$35,407 increased the unreserved and \$36,632 increased the reserved. As a measure of the General Fund's liquidity, it is useful to compare the unreserved fund balance to total expenditures. Unreserved fund balance represents 36% of total General Fund expenditures, while total fund balance represents 56% of that same amount.

The Sales Tax Revenue Fund had a fund balance of \$776,419 at the end of the fiscal year, an increase of \$264,725 from the prior year. Of this amount, 100% is reserved for infrastructure improvements. The increase is the result of unspent tax revenues.

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

As of the end of fiscal year 2009, the Town's Utility Fund reported unrestricted net assets of \$1,053,781, a decrease of \$209,019 from the prior year. This decrease is due to increasing depreciation costs of constructed and developer contributed infrastructure. Other factors concerning the finances of the Utility Fund have already been addressed in the discussion of the Town's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town made revisions to the original appropriations approved by the Town Commission. These changes resulted in a decrease to the appropriations of approximately 42% or \$7,106,854. The major portion of this decrease was due to a delay in the Lady Lake Library expansion project of \$6,892,229.

The fiscal year 2009 General Fund budget was balanced using \$1,210,775 of unreserved fund balance. However, the revision to the original budget reduced this amount to \$368,790 or a \$841,985 reduction. The major portion of this reduction, \$554,437, was due to increased revenues and reduced expenditures. The remaining \$287,548 will be re-appropriated in the FY2010 budget as it was the balance of the \$1,000,000 appropriated for use on the Lady Lake Library expansion project that did not get underway as planned. Overall for the year, expenditures exceeded revenues by \$307,221.

CAPITAL ASSETS

The Town's investment in capital assets for its governmental and business-type activities as of September 30, 2009, amounts to \$33,364,165 (net of depreciation). This investment in capital assets includes land, buildings and utility systems, improvements other than buildings, equipment, infrastructure and construction in progress. The total increase in the Town's investment in capital assets for the current fiscal year was 4% (a 1% increase for governmental activities and a 5% increase for business-type activities).

**TOWN OF LADY LAKE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2009**

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

Governmental funds:

- Architectural services for the Lady Lake Library expansion \$227,735
- Site preparation and other costs associated with the Lady Lake Library expansion \$141,055
- New Parks & Recreation offices and maintenance building completed \$76,898 (Total project cost \$486,040)
- Fence around fuel depot at Town Hall \$26,307
- 7-2009 Chevrolet Impala's with police equipment for the Police Department \$253,785
- 2-2009 Chevrolet Tahoe's with police equipment for the Police Department \$82,113
- 1-2009 Chevrolet Silverado Pickup with equipment for the Police Department \$35,904
- 2-Hewlett-Packard servers for the Police Department \$8,049
- Custom play structure (see photo on CAFR cover) for the Parks and Recreation Department funded by a Florida Recreation Development Assistance Program Grant \$33,898

Business-type funds:

- Modifications to Water Treatment Plant #3 in order to improve its disinfection concentration contact time \$110,150
- Water system master plan \$60,000
- Bobcat Compact 331 Excavator 2009 for the Water Department \$27,892
- Geographic Information System implementation and equipment for the Water Department \$122,326
- CR466 water utility project costs \$216,380 (still under construction)
- Engineering and construction costs for completion of phase II and IIa of the wastewater treatment plant totaling \$157,612 (Total project cost \$7,591,861)
- 61" 29 HP Commercial mower for the Sewer Department for \$9,314
- Supervisory Control And Data Acquisition (SDADA) system installation and equipment for the Sewer Department \$53,200

**TOWN OF LADY LAKE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2009**

TOWN OF LADY LAKE'S CAPITAL ASSETS

(net of depreciation)

	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 1,660,349	\$ 1,660,349	\$ 509,453	\$ 506,153	\$ 2,169,802	\$ 2,166,502
Buildings	4,544,449	4,270,105	271,472	279,537	4,815,921	4,549,642
Utility systems	-	-	21,067,644	12,801,544	21,067,644	12,801,544
Improvements other than buildings	1,183,468	1,233,111	-	-	1,183,468	1,233,111
Furniture and equipment	1,212,187	1,209,223	611,233	495,727	1,823,420	1,704,950
Infrastructure	1,267,581	1,326,107	-	-	1,267,581	1,326,107
Construction in Progress	755,079	799,346	281,250	7,628,794	1,036,329	8,428,140
Total Capital Assets	\$ 10,623,113	\$ 10,498,241	\$ 22,741,052	\$ 21,711,755	\$ 33,364,165	\$ 32,209,996

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

LONG-TERM DEBT

At the end of fiscal year 2009, the Town had total long-term debt outstanding of \$4,194,617. Of this amount, \$257,178 represents the balance of capital lease agreements for police vehicles, \$3,358,071 is utility debt secured by the infrastructure sales tax, and \$273,350 is debt secured by water and sewer utility system revenues. The balance of \$306,018 represents amounts due for compensated absences.

The Town's total debt decreased by \$536,378 for fiscal year 2009 due to normal principal debt service payments net of the new capital lease.

Additional information on the Town's long-term debt can be found in Note 7 on pages 40-43 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.

**TOWN OF LADY LAKE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2009**

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 becomes effective on January 1, 2009 (tax year 2009, fiscal year 2010).

The Town's net taxable value of commercial and residential property increased .5% in tax year 2009 as compared to a decrease of 9% in tax year 2008. This small increase in taxable value was a result of fifty two million dollars of new construction which was almost totally offset by fifty one million of decreased values due to market conditions and Amendment 1 provisions. In order to continue with the pavement management program and avoid using reserves, the Town Commission increased the millage rate from 3.087 mills to 3.2808 mills for fiscal year 2010.

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

Effective January 5, 2009, the Town of Lady Lake adopted Resolution Number 2008-147 which established the first reclaimed water schedule of rates for those consumers who have access and have requested service of reclaimed water. The Town reported \$68,654 in reclaimed water sales for the fiscal year ended September 30, 2009.

Due to no increase in CPI-U from January 2008 to January 2009 the water, sewer and reclaimed water rates will remain the same going into fiscal year 2010 as established in fiscal year 2009.

REQUESTS FOR INFORMATION

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

TOWN OF LADY LAKE, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009

<u>ASSETS</u>	GOVERNMENTAL <u>ACTIVITIES</u>	BUSINESS-TYPE <u>ACTIVITIES</u>	<u>TOTAL</u>
Cash and Equivalents	\$ 1,264,774	\$ 676,478	\$ 1,941,252
Investments	4,457,181	147,731	4,604,912
Receivables (net of allowance for uncollectibles)	212,395	201,808	414,203
Due from Other Governments	321,499	171	321,670
Internal Balances	2,324	(2,324)	-
Assets Held for Resale	64,883	-	64,883
Inventory and Prepaid Items	135,308	65,313	200,621
Restricted Cash	-	1,715,358	1,715,358
Deferred Charges	-	141,503	141,503
Sewer Capacity Reservation Agreement (net of accumulated amortization)	-	1,308,336	1,308,336
Capital Assets (net of accumulated depreciation):			
Land	1,660,349	509,453	2,169,802
Buildings and Utility Systems	4,544,449	21,339,116	25,883,565
Improvements Other Than Buildings	1,183,468	-	1,183,468
Equipment	1,212,187	611,233	1,823,420
Infrastructure	1,267,581	-	1,267,581
Construction in Progress	755,079	281,250	1,036,329
Net Pension Obligation	150,657	-	150,657
Total Assets	17,232,134	26,995,426	44,227,560
 <u>LIABILITIES</u> 			
Accounts Payable	65,848	102,296	168,144
Accrued Liabilities	228,537	23,815	252,352
Accrued Interest Payable	9,819	12,915	22,734
Customer Deposits	-	411,843	411,843
Due to Other Governments	115,570	-	115,570
Unearned Revenue	43,238	31,757	74,995
Noncurrent Liabilities:			
Due within one year	343,548	704,268	1,047,816
Due in more than one year	198,290	2,948,511	3,146,801
Total Liabilities	1,004,850	4,235,405	5,240,255
 <u>NET ASSETS</u> 			
Invested in Capital Assets, net of related debt	10,365,935	20,404,754	30,770,689
Restricted for:			
Capital Improvements	781,865	1,238,859	2,020,724
Debt Service	-	62,627	62,627
Police	53,345	-	53,345
Building Inspections	110,568	-	110,568
Education	1,587,846	-	1,587,846
Unrestricted	3,327,725	1,053,781	4,381,506
Total Net Assets	\$ 16,227,284	\$ 22,760,021	\$ 38,987,305

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, 2009**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental Activities:				
General Government	\$ 1,933,144	\$ 36,471	\$ 10,506	\$ 3,000
Public Safety	4,515,835	1,208,716	556	14,962
Growth Management	267,442	76,803	49,024	-
Public Works	1,509,663	-	63,672	90,900
Culture and Recreation	999,196	25,978	155,831	39,349
Interest on Long-term Debt	11,916	-	-	-
Total Governmental Activities	9,237,196	1,347,968	279,589	148,211
Business-Type Activities				
Water	1,133,735	1,000,324	-	324,924
Sewer	1,226,015	576,178	-	1,036,809
Garbage	312,382	338,203	-	-
Total Business-Type Activities	2,672,132	1,914,705	-	1,361,733
Total	\$ 11,909,328	\$ 3,262,673	\$ 279,589	\$ 1,509,944

General Revenues:

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

Total General Revenues and Transfers

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

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

NET (EXPENSE) REVENUE AND
CHANGES IN NET ASSETS

<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
\$ (1,883,167)	\$ -	\$ (1,883,167)
(3,291,601)	-	(3,291,601)
(141,615)	-	(141,615)
(1,355,091)	-	(1,355,091)
(778,038)	-	(778,038)
(11,916)	-	(11,916)
<u>(7,461,428)</u>	<u>-</u>	<u>(7,461,428)</u>
-	191,513	191,513
-	386,972	386,972
-	25,821	25,821
<u>-</u>	<u>604,306</u>	<u>604,306</u>
<u>(7,461,428)</u>	<u>604,306</u>	<u>(6,857,122)</u>
2,581,571	-	2,581,571
1,569,576	-	1,569,576
1,298,195	-	1,298,195
1,791,745	-	1,791,745
697,758	-	697,758
329,145	(41,955)	287,190
(606,095)	606,095	-
<u>7,661,895</u>	<u>564,140</u>	<u>8,226,035</u>
200,467	1,168,446	1,368,913
<u>16,026,817</u>	<u>21,591,575</u>	<u>37,618,392</u>
<u>\$ 16,227,284</u>	<u>\$ 22,760,021</u>	<u>\$ 38,987,305</u>

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**TOWN OF LADY LAKE, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009**

<u>ASSETS</u>	<u>GENERAL</u>	<u>SALES TAX REVENUE</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Cash and Equivalents	\$ 556,796	\$ 707,978	\$ 1,264,774
Investments	4,457,181	-	4,457,181
Accounts Receivable (net of allowance for uncollectibles)	209,411	-	209,411
Due from Other Funds	2,324	-	2,324
Special Assessments Receivable	2,984	-	2,984
Due from Other Governments	230,261	91,238	321,499
Real Property Held for Resale	64,883	-	64,883
Prepaid Items	135,308	-	135,308
 Total Assets	 <u>\$ 5,659,148</u>	 <u>\$ 799,216</u>	 <u>\$ 6,458,364</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES:			
Accounts Payable	\$ 65,848	\$ -	\$ 65,848
Accrued Liabilities	228,537	-	228,537
Due to Other Governments	203	-	203
Deferred Revenue	2,984	22,797	25,781
Unearned Revenue	43,238	-	43,238
 Total Liabilities	 <u>340,810</u>	 <u>22,797</u>	 <u>363,607</u>
FUND BALANCES:			
Reserved for:			
Prepays/Resale Assets	200,191	-	200,191
Building Inspections	110,568	-	110,568
Police	53,345	-	53,345
Education	1,587,846	-	1,587,846
Infrastructure	5,446	776,419	781,865
Unreserved	3,360,942	-	3,360,942
 Total Fund Balances	 <u>5,318,338</u>	 <u>776,419</u>	 <u>6,094,757</u>
 Total Liabilities and Fund Balances	 <u>\$ 5,659,148</u>	 <u>\$ 799,216</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Cost of capital assets \$16,443,209 less accumulated depreciation of \$5,820,096. 10,623,113

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 25,781

Net pension obligation is not an available financial resource and, therefore, is not reported as an asset in the funds. 150,657

Long-term liabilities are not due and payable in the current-period and, accordingly, are not reported in the governmental funds. Long term liabilities consist of capital leases \$257,178, accrued interest \$9,819, amounts due other governments \$115,367, and compensated absences \$284,660. (667,024)

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 16,227,284

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, 2009

	<u>GENERAL</u>	<u>SALES TAX REVENUE</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES:			
Taxes	\$ 6,028,737	\$ 991,668	\$ 7,020,405
Licenses and Permits	409,063	-	409,063
Intergovernmental	1,396,891	-	1,396,891
Charges for Services	163,865	-	163,865
Fines and Forfeitures	84,927	-	84,927
Miscellaneous	1,075,216	3,152	1,078,368
Total Revenues	<u>9,158,699</u>	<u>994,820</u>	<u>10,153,519</u>
EXPENDITURES:			
Current:			
General Government	1,815,854	-	1,815,854
Public Safety	4,605,430	-	4,605,430
Growth Management	257,645	-	257,645
Public Works	1,336,765	-	1,336,765
Culture and Recreation	866,044	-	866,044
Capital Outlay	445,688	-	445,688
Debt Service:			
Principal	130,111	-	130,111
Interest	8,383	-	8,383
Total Expenditures	<u>9,465,920</u>	<u>-</u>	<u>9,465,920</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(307,221)</u>	<u>994,820</u>	<u>687,599</u>
OTHER FINANCING SOURCES (USES):			
Transfers In	124,000	-	124,000
Transfers Out	-	(730,095)	(730,095)
Capital Lease	251,000	-	251,000
Sale of Capital Assets	4,260	-	4,260
Total Other Financing Sources (Uses)	<u>379,260</u>	<u>(730,095)</u>	<u>(350,835)</u>
Net Change in Fund Balances	72,039	264,725	336,764
Fund Balance, Beginning of Year	<u>5,246,299</u>	<u>511,694</u>	<u>5,757,993</u>
Fund Balance, End of Year	<u><u>\$ 5,318,338</u></u>	<u><u>\$ 776,419</u></u>	<u><u>\$ 6,094,757</u></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, 2009**

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

Net Change in Fund Balances - Total Governmental Funds	\$ 336,764
Governmental funds report capital outlays as expenditures. In the Statement of Activities the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays, \$890,735 exceeded depreciation, \$765,137 in the current period.	125,598
The net effect of various sales and other dispositions of capital assets is to decrease net assets.	(726)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. Infrastructure surtaxes, \$(2,421). Casualty insurance premium taxes \$(101,338). Community Services Tax \$32,976. Federal & State grants \$(28,644).	(99,427)
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.	(10,334)
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.	(3,533)
The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net assets. Capital lease financing recorded this year.	(251,000)
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.	130,111
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.	(31,559)
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.	4,573
Change in Net Assets of Governmental Activities	<u>\$ 200,467</u>

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

TOWN OF LADY LAKE, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Taxes	\$ 5,501,452	\$ 6,001,284	\$ 6,028,737	\$ 27,453
Licenses and Permits	427,300	403,081	409,063	5,982
Intergovernmental	2,360,182	1,393,641	1,396,891	3,250
Charges for Services	157,700	160,475	163,865	3,390
Fines and Forfeitures	87,500	86,000	84,927	(1,073)
Miscellaneous	876,788	988,430	1,075,216	86,786
Total Revenues	9,410,922	9,032,911	9,158,699	125,788
EXPENDITURES:				
Current:				
General Government	1,864,969	2,037,705	1,815,854	221,851
Public Safety	5,033,744	4,697,037	4,605,430	91,607
Growth Management	391,334	266,845	257,645	9,200
Public Works	1,400,963	1,377,286	1,336,765	40,521
Culture and Recreation	864,115	885,212	866,044	19,168
Capital Outlay	6,841,114	445,688	445,688	-
Debt Service	558,882	138,494	138,494	-
Total Expenditures	16,955,121	9,848,267	9,465,920	382,347
Deficiency of Revenues Under Expenditures	(7,544,199)	(815,356)	(307,221)	508,135
OTHER FINANCING SOURCES:				
Debt Proceeds	4,900,000	-	-	-
Capital Lease	287,940	251,000	251,000	-
Transfers In	928,681	124,000	124,000	-
Sale of Capital Assets	-	4,260	4,260	-
Total Other Financing Sources	6,116,621	379,260	379,260	-
Net Change in Fund Balance	(1,427,578)	(436,096)	72,039	508,135
Fund Balance, Beginning of Year	5,246,299	5,246,299	5,246,299	-
Fund Balance, End of Year	\$ 3,818,721	\$ 4,810,203	\$ 5,318,338	\$ 508,135

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, 2009**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:				
Taxes	\$ 1,150,000	\$ 995,000	\$ 991,668	\$ (3,332)
Miscellaneous	<u>1,000</u>	<u>3,100</u>	<u>3,152</u>	<u>52</u>
Total Revenues	<u>1,151,000</u>	<u>998,100</u>	<u>994,820</u>	<u>(3,280)</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	<u>(1,534,776)</u>	<u>(730,095)</u>	<u>(730,095)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,534,776)</u>	<u>(730,095)</u>	<u>(730,095)</u>	<u>-</u>
Net Change in Fund Balance	(384,776)	268,005	264,725	(3,280)
Fund Balance, Beginning of Year	<u>511,694</u>	<u>511,694</u>	<u>511,694</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 126,918</u>	<u>\$ 779,699</u>	<u>\$ 776,419</u>	<u>\$ (3,280)</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, 2009

<u>ASSETS</u>	<u>UTILITY FUND</u>
CURRENT ASSETS:	
Cash	\$ 676,478
Investments	147,731
Restricted Cash:	
State Revolving Fund Loan Reserves	41,852
Customer Deposits	411,843
Customer Receivables, net of allowance for uncollectibles	201,808
Due from Other Governments	171
Inventory	64,153
Prepaid Items	1,160
	1,545,196
Total Current Assets	
NONCURRENT ASSETS:	
Restricted Cash:	
State Revolving Fund Loan Reserves	22,804
Capital Improvements	1,238,859
	1,261,663
Total Restricted Cash	
Deferred Engineering Costs	76,865
	64,638
Loan Costs	
Sewer Capacity Reservation Agreement, net of accumulated amortization	1,308,336
	27,573,750
Capital Assets:	
Land	509,453
Buildings	346,587
Utility Systems	25,003,291
Equipment	1,433,169
Construction in Progress	281,250
	4,832,698
Less Accumulated Depreciation	
	22,741,052
Net Capital Assets	
	25,452,554
Total Noncurrent Assets	
	26,997,750
Total Assets	

TOWN OF LADY LAKE, FLORIDA
STATEMENT OF NET ASSETS (Continued)
PROPRIETARY FUND
SEPTEMBER 30, 2009

<u>LIABILITIES</u>	<u>UTILITY FUND</u>
CURRENT LIABILITIES:	
Accounts Payable	\$ 102,296
Accrued Expenses	23,815
Compensated Absences	21,358
Due to Other Funds	2,324
Accrued Interest Payable	12,915
Customer Deposits	411,843
Loans Payable - Current	<u>683,360</u>
Total Current Liabilities	<u>1,257,911</u>
NONCURRENT LIABILITIES:	
Unearned Revenue	31,757
State Revolving Fund Loan	198,626
SunTrust Loan	<u>2,749,435</u>
Total Noncurrent Liabilities	<u>2,979,818</u>
Total Liabilities	<u>4,237,729</u>
 <u>NET ASSETS</u> 	
Invested in Capital Assets, net of related debt	20,404,754
Restricted for Capital Improvements	1,238,859
Restricted for Debt Service	62,627
Unrestricted	<u>1,053,781</u>
Total Net Assets	<u><u>\$22,760,021</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, 2009**

	UTILITY FUND
OPERATING REVENUES:	
Water Sales	\$ 935,832
Sewer Revenue	489,456
Reuse Water Sales	68,654
Connection Fees	35,896
Garbage Revenue	338,203
Late Fees and Other Revenue	46,664
Total Operating Revenues	1,914,705
OPERATING EXPENSES:	
Personal Services	636,051
Garbage Contract Services	305,607
Other Operating Expenses	612,048
Depreciation and Amortization	945,288
Total Operating Expenses	2,498,994
Net Operating Loss	(584,289)
NONOPERATING REVENUES (EXPENSES):	
Interest Revenue	13,713
Decrease in Fair Value of Investments	(55,668)
Debt Issuance Costs	(19,048)
Interest Expense	(154,090)
Total Nonoperating Revenues (Expenses)	(215,093)
Loss Before Contributions and Transfers	(799,382)
CAPITAL CONTRIBUTIONS:	
Water and Sewer Impact Fees	212,751
Developers	1,148,982
TRANSFERS IN	730,095
TRANSFERS OUT	(124,000)
Change in Net Assets	1,168,446
Total Net Assets, Beginning of Year	21,591,575
Total Net Assets, End of Year	\$ 22,760,021

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, 2009

	<u>UTILITY FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 1,953,196
Cash Payments to Employees for Services	(631,760)
Cash Payments to Suppliers for Goods and Services	<u>(956,040)</u>
Net Cash Provided by Operating Activities	<u>365,396</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfer to General Fund	<u>(124,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Transfer from Sales Tax Revenue Fund	730,095
Capital Contributions	212,751
Interest Paid on Capital Debt	(156,523)
Principal Repayments on Capital Debt	(657,267)
Acquisition and Construction of Capital Assets	<u>(853,895)</u>
Net Cash Used In Capital and Related Financing Activities	<u>(724,839)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Sale of Investments	30,282
Interest Received	<u>13,713</u>
Net Cash Used in Investing Activities	<u>43,995</u>
NET DECREASE IN CASH	(439,448)
Cash at Beginning of Year	<u>2,831,284</u>
Cash at End of Year	<u><u>\$ 2,391,836</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, 2009

	<u>UTILITY FUND</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Loss	<u>\$ (584,289)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and Amortization	945,288
Increase in Customer Receivables	(19,155)
Decrease in Due from Other Funds	22,736
Increase in Due from Other Governments	(171)
Increase in Inventory	(15,849)
Increase in Prepaid Items	(60)
Decrease in Accounts Payable	(45,378)
Increase in Due to Other Funds	166
Increase in Accrued Expenses	2,347
Increase in Compensated Absences	1,944
Increase in Customer Deposits	58,142
Decrease in Unearned Revenue	<u>(325)</u>
 Total Adjustments	 <u>949,685</u>
 Net Cash Provided by Operating Activities	 <u><u>\$ 365,396</u></u>
 NONCASH CAPITAL ACTIVITIES:	
Utility system construction on account	\$ (65,847)
Developer utility system contributions	1,148,982

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, 2009

<u>ASSETS</u>	<u>PENSION TRUST FUNDS</u>
Investments with Trustees:	
Cash Management Funds	\$ 441,717
Corporate Equities	2,388,657
Corporate Bonds	783,315
U S Government Securities	<u>49,248</u>
Total Assets	<u>3,662,937</u>
<u>LIABILITIES</u>	
Accounts Payable	<u>8,619</u>
<u>NET ASSETS</u>	
Held in Trust for Officers' Contributions	369,568
Held in Trust for Town's Contributions	1,126,192
Held in Trust for Pension Benefits	<u>2,158,558</u>
Total Net Assets	<u><u>\$ 3,654,318</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, 2009

<u>ADDITIONS</u>	<u>PENSION TRUST FUNDS</u>
Contributions:	
Town	\$ 330,340
Employees	72,843
State of Florida	<u>102,614</u>
Total Contributions	<u>505,797</u>
Investment Income:	
Net Appreciation in Fair Value of Investments	16,436
Dividend Income	38,846
Interest Income	<u>32,643</u>
Total Investment Income	87,925
Less Investment Expense	<u>(27,019)</u>
Net Investment Income	<u>60,906</u>
Total Additions	<u>566,703</u>
<u>DEDUCTIONS</u>	
Retirement Benefits	71,578
Refunds of Contributions	13,860
Administration Expense	<u>15,274</u>
Total Deductions	<u>100,712</u>
CHANGE IN NET ASSETS	465,991
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:	
Beginning of Year	<u>3,188,327</u>
End of Year	<u><u>\$ 3,654,318</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, 2009

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, 2009

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, 2009

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. 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 0.37% as of September 30, 2009. 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, 2009, shares in the Fund B pool are stated net of a fair value factor of 0.549151.

TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

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, 2009.

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, 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Amortization

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

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

I. Compensated Absences

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

J. Long-term Obligations

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

K. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Town management determines on a case by case basis whether restricted funds will be used for an expenditure when there is a choice to use restricted or unrestricted assets. Designations of fund balance represent tentative management plans that are subject to change.

L. Transfers

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

TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 2 BUDGETING

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

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

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

NOTE 3 CASH DEPOSITS AND INVESTMENTS

Cash Deposits

At September 30, 2009, the carrying amount of the Town's cash deposits, including funds in bank money market investments, was \$3,656,610. The actual bank balances at September 30, 2009 totaled \$3,978,648, 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, 2009

NOTE 3 CASH DEPOSITS AND INVESTMENTS (continued)

Investments

The Town's investments at September 30, 2009 are categorized below.

	<u>Fair Value</u>
General Fund Investments:	
1-3 Year Mutual Bond Fund	\$ 1,843,354
Intermediate Mutual Bond Fund	2,613,827
Utility Fund Investments:	
State Board Fund B Pool	147,731
Pension Trust Fund Investments:	
Money Market Funds	441,717
Corporate Equities	2,388,657
Corporate Bonds	783,315
US Government Securities	49,248
	<u>\$ 8,267,849</u>

Credit Risk - Credit risk exists when there is a possibility the issuer to an investment may be unable to fulfill its obligations. The Town manages its credit risk by investing in bond funds with high ratings from nationally recognized statistical rating organizations. All of the Town's investments in mutual bond funds have a Fitch Rating of AAA/V2 or AAA/V3. The Fund B Pool is not rated by any nationally recognized statistical rating agency. 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 1.58 years (1-3 year bond fund) and 3.83 years (intermediate bond fund). The Fund B Pool has a weighted average life of 6.69 years. The Town's investment policy does not specifically address interest rate risk.

NOTE 4 RECEIVABLES

Accounts receivable at September 30, 2009 are as follows:

	<u>General Fund</u>	<u>Utility Fund</u>
Customer Accounts Receivable	\$ -	\$221,461
Franchise and Utility Taxes	201,896	-
Other Receivables	7,515	-
Less Allowance for Uncollectibles	-	(19,653)
Net Receivables	<u>\$209,411</u>	<u>\$201,808</u>

Special assessments receivable in the General Fund are stated net of an allowance for doubtful accounts of \$8,295. Bad debt expense in the Utility Fund for the year ended September 30, 2009 was \$2,741.

TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2009 was as follows:

	September 30, 2008	Additions	Transfers/ Disposals	September 30, 2009
Governmental Activities:				
Land (not being depreciated)	\$ 1,660,349	\$ -	\$ -	\$ 1,660,349
Construction in Progress	799,346	445,688	(489,955)	755,079
	<u>2,459,695</u>	<u>445,688</u>	<u>(489,955)</u>	<u>2,415,428</u>
Capital assets being depreciated:				
Buildings	5,788,434	-	489,955	6,278,389
Improvements	1,849,069	26,307	-	1,875,376
Equipment	4,044,711	418,740	(69,882)	4,393,569
Infrastructure	1,480,447	-	-	1,480,447
	<u>13,162,661</u>	<u>445,047</u>	<u>420,073</u>	<u>14,027,781</u>
Less accumulated depreciation for:				
Buildings	(1,518,329)	(215,611)	-	(1,733,940)
Improvements	(615,958)	(75,950)	-	(691,908)
Equipment	(2,835,488)	(415,050)	69,156	(3,181,382)
Infrastructure	(154,340)	(58,526)	-	(212,866)
	<u>(5,124,115)</u>	<u>(765,137)</u>	<u>69,156</u>	<u>(5,820,096)</u>
Total Being Depreciated, net	<u>8,038,546</u>	<u>(320,090)</u>	<u>489,229</u>	<u>8,207,685</u>
Governmental Activities Capital Assets, net	<u>\$ 10,498,241</u>	<u>\$ 125,598</u>	<u>\$ (726)</u>	<u>\$ 10,623,113</u>
Business-Type Activities:				
Land (not being depreciated)	\$ 506,153	\$ 3,300	\$ -	\$ 509,453
Construction in Progress	7,628,794	373,992	(7,721,536)	281,250
	<u>8,134,947</u>	<u>377,292</u>	<u>(7,721,536)</u>	<u>790,703</u>
Capital assets being depreciated:				
Buildings	343,002	3,585	-	346,587
Utility Systems	15,968,483	1,321,539	7,713,269	25,003,291
Equipment	1,224,015	233,114	(23,960)	1,433,169
	<u>17,535,500</u>	<u>1,558,238</u>	<u>7,689,309</u>	<u>26,783,047</u>
Less accumulated depreciation for:				
Buildings	(63,465)	(11,650)	-	(75,115)
Utility Systems	(3,166,939)	(776,975)	8,267	(3,935,647)
Equipment	(728,288)	(117,608)	23,960	(821,936)
	<u>(3,958,692)</u>	<u>(906,233)</u>	<u>32,227</u>	<u>(4,832,698)</u>
Total Being Depreciated, net	<u>13,576,808</u>	<u>652,005</u>	<u>7,721,536</u>	<u>21,950,349</u>
Business-Type Activities Capital Assets, net	<u>\$ 21,711,755</u>	<u>\$ 1,029,297</u>	<u>\$ -</u>	<u>\$ 22,741,052</u>

TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 5 CAPITAL ASSETS (continued)

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

Governmental Activities:	
General Government	\$ 140,984
Public Safety	281,638
Growth Management	8,022
Public Works	165,206
Culture and Recreation	<u>169,287</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 765,137</u>
Business-type Activities:	
Water	\$ 292,400
Sewer	613,833
Garbage	<u>-</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 906,233</u>

NOTE 6 SEWER CAPACITY RESERVATION AGREEMENT

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

Effective April 2, 2003, the Town and the VCCDD entered into a new, 40-year Interlocal Agreement for sewer capacity reservation and bulk treatment. The capacity reservation is for 250,000 gallons of wastewater per day, with an initial price for treatment of \$3.02 per 1,000 gallons. A provision for annual price adjustments is included, based on mutual agreement or, if agreement cannot be reached, a set formula based on the consumer price index. The treatment price at September 30, 2009 was \$3.55 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, 2009**

NOTE 6 SEWER CAPACITY RESERVATION AGREEMENT (continued)

The original Sewer Capacity Reservation Agreement has been recorded in the Utility Fund at its historical cost of \$826,506. The net book value on April 2, 2003 was \$737,635. At September 30, 2009, the total cost of sewer capacity reservations, which includes the 2004 purchases, was \$1,629,006. Amortization for the year ended September 30, 2009 totaled \$39,055. Accumulated amortization at September 30, 2009 was \$320,670, and the net book value was \$1,308,336.

NOTE 7 LONG-TERM DEBT

Capital Leases

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

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 made the first annual lease payment of \$64,000 upon signing the lease and accepting delivery of the vehicles. 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 future minimum lease obligations and the net present value of the minimum lease payments as of September 30, 2009 were as follows.

	GMAC	Sun Trust
Year ending September 30, 2010	\$ 74,493	\$ 67,372
Year ending September 30, 2011	-	67,372
Year ending September 30, 2012	-	67,373
 Total minimum lease payments	 74,493	 202,117
 Less amount representing interest	 (4,315)	 (15,117)
 Present value of minimum lease payments	 \$ 70,178	 \$ 187,000

TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 7 LONG-TERM DEBT (continued)

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 through January 15, 2013. Interest accrues on the outstanding loan balance at a rate of 3.52% per year. For the year ended September 30, 2009, interest totaling \$11,533 was paid on the loan.

Covenants of the loan require creation of separate accounts. A "loan debt service account" accumulates the upcoming semi-annual payment. The Town has fully funded this account. A "loan reserve account" originally funded with \$18,934 is restricted for payment of principal and interest on the loan whenever the other monies in the loan debt service account shall ever be insufficient for such purpose. Interest earnings on the loan reserve account accumulate in the account. The balances of these accounts at September 30, 2009 were as follows:

Loan Debt Service Account	\$41,847
Loan Reserve Account	<u>22,804</u>
Total	<u>\$64,651</u>

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

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Payment</u>
1/15/10	\$ 37,036	\$ 4,811	\$ 41,847
7/15/10	37,688	4,159	41,847
1/15/11	38,352	3,495	41,847
7/15/11	39,026	2,821	41,847
1/15/12	39,713	2,134	41,847
7/15/12	40,412	1,435	41,847
1/15/13	<u>41,123</u>	<u>724</u>	<u>41,847</u>
	<u>\$273,350</u>	<u>\$ 19,579</u>	<u>\$292,929</u>

TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 7 LONG-TERM DEBT (continued)

SunTrust Loan

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

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, 2009 totaled \$144,990. 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>
9/30/10	\$ 608,636	\$ 121,489	\$ 730,125
9/30/11	633,083	97,044	730,127
9/30/12	658,317	71,821	730,138
9/30/13	684,932	45,178	730,110
9/30/14	712,454	17,669	730,123
Thereafter	<u>60,649</u>	<u>197</u>	<u>60,846</u>
	<u>\$3,358,071</u>	<u>\$ 353,398</u>	<u>\$3,711,469</u>

TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 8 OTHER DISCLOSURES (continued)

(4) Reserved fund balances at September 30, 2009:

General Fund

Reserved for Prepaids	\$ 135,308
Reserved for Assets Held for Resale	64,883
Reserved for Building Inspections	110,568
Reserved for Police Training and Equipment	49,851
Reserved for Police Officers' Trust	3,494
Reserved for Recreation Capital Improvements	4,664
Reserved for Library Capital Improvements	782
Reserved for Education	<u>1,587,846</u>
Total General Fund	<u>\$1,957,396</u>

Sales Tax Revenue Fund

Reserved for Infrastructure	<u>\$ 776,419</u>
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Pension Trust Funds

Reserved for Retirement Systems	<u>\$3,654,318</u>
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Fund balances reserved for infrastructure represent unspent discretionary sales surtax amounts that are required by Florida Statute to be spent on "infrastructure". Infrastructure is defined as public facilities with a useful life of at least five years. The Statute permits these funds to be spent on debt related to the construction or acquisition of infrastructure, and also permits the purchase of certain emergency vehicles.

NOTE 9 BUDGETARY BASIS OF ACCOUNTING

The Town Commission adopts annual budgets for each of the Town's funds, except for the pension trust funds. The budget for the Utility Fund is adopted on an accounting basis other than in accordance with generally accepted accounting principles (GAAP). Adjustments necessary to convert the results of operations for the year ended September 30, 2009 from the GAAP basis to the budget basis are as follows:

Utility Fund

Change in Net Assets, GAAP Basis	\$ 1,168,446
Decrease due to debt principal paid	(657,267)
Decrease due to equipment purchases	(213,114)
Decrease due to utility system construction	<u>(549,549)</u>
Deficiency of Revenues Under Expenses, Budget Basis	<u>\$(268,484)</u>

TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 10 RETIREMENT COMMITMENTS

LADY LAKE POLICE OFFICERS' RETIREMENT TRUST FUND

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

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

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

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, 2009, one Officer had retired that was receiving benefits, one was receiving benefits under disability, and one terminated Officer was entitled to benefits but was not yet receiving them. Out of the 30 Officers in the plan at September 30, 2009, four had vested retirement benefits. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Contributions Required Police Officers are required to contribute five percent of their annual salary to the plan. The plan is also funded by a .85% State excise tax on all casualty insurance policies covering property within the corporate limits of the Town. For the year ended September 30, 2009, the Town collected \$102,614 in casualty insurance premium taxes. The Town is required by State Statute to contribute these taxes to the plan within 5 days of receipt.

TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 10 RETIREMENT COMMITMENTS (continued)

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, 2009 was 13.3% of covered payroll.

Funded Status and Funding Progress

The Funded status of the plan as of October 1, 2009 was as follows:

Actuarial accrued liability (AAL)	\$3,749,218
Actuarial value of plan assets	<u>3,450,007</u>
Unfunded actuarial accrued liability	<u>\$299,211</u>
Funded ratio (actuarial value of plan assets/AAL)	92%
Covered payroll (active plan members)	\$1,548,174
UAAL as a percentage of covered payroll	19%

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 (10/01/09) follows.

Actuarial cost method: Entry Age Normal
Amortization method: Level Percent of Pay, Closed
Remaining amortization period: 26 years
Asset valuation method: 4 Year Smoothed Market

TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 10 RETIREMENT COMMITMENTS (continued)

Actuarial Assumptions:

Investment Rate of Return: 8%
 Projected Salary Increase: 6% (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>
9/30/09	\$ 190,732	102%	\$ (150,657)
9/30/08	136,442	103%	(146,084)
9/30/07	105,408	117%	(141,650)

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>9/30/2007</u>	<u>9/30/2008</u>	<u>9/30/2009</u>
Actuarially Determined Contribution	\$ 109,272	\$ 140,876	\$ 195,305
Interest on NPO	(9,875)	(11,332)	(11,687)
Adjustment to Actuarially Determined Contribution	<u>6,011</u>	<u>6,898</u>	<u>7,114</u>
Annual Pension Cost	105,408	136,442	190,732
Contributions Made	<u>123,615</u>	<u>140,876</u>	<u>195,305</u>
Increase in NPO	(18,207)	(4,434)	(4,573)
NPO, beginning of year	<u>(123,443)</u>	<u>(141,650)</u>	<u>(146,084)</u>
NPO, end of year	<u><u>\$ (141,650)</u></u>	<u><u>\$ (146,084)</u></u>	<u><u>\$ (150,657)</u></u>

TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 10 RETIREMENT COMMITMENTS (continued)

GENERAL EMPLOYEES RETIREMENT TRUST FUND

Effective October 8, 2001, the Town established, by resolution, a new money purchase plan and trust in the form of the International City Managers Association (ICMA) Retirement Corporation 401-a Governmental Money Purchase Plan and Trust. The plan is a single-employer, defined contribution pension plan administered by the ICMA Retirement Corporation. The Town Commission must authorize plan amendments to benefit provisions or the obligation to make contributions. This new plan replaced the multiple-employer, defined contribution pension plan that had been in place since December 28, 1992 when the Town created the General Employees Retirement Trust Fund. On December 26, 2001, active plan assets totaling \$120,055 from the old plan were transferred into this new plan.

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

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

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

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

There are no mandatory employee contributions in order to participate in the plan, but after tax employee contributions are permitted. Contributions and related investment earnings are credited to individual self-directed investment accounts. During the year ended September 30, 2009, the Town contributed \$135,035 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, 2009

NOTE 10 RETIREMENT COMMITMENTS (continued)

	Police Retirement Trust Fund	Employees Retirement Trust Fund	Total
STATEMENT OF FIDUCIARY NET ASSETS AS OF SEPTEMBER 30, 2009			
<u>Assets</u>			
Investments with Trustees:			
Cash Management Funds	\$ 234,028	\$ 207,689	\$ 441,717
Corporate Equities	1,926,829	461,828	2,388,657
Corporate Bonds	776,261	7,054	783,315
U S Government Securities	49,248	-	49,248
<u>Liabilities</u>			
Accounts Payable	(8,619)	-	(8,619)
<u>Net Assets</u>			
Held in Trust for Pension Benefits	\$ 2,977,747	\$ 676,571	\$ 3,654,318

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

<u>Additions</u>			
Contributions			
Town	\$ 195,305	\$ 135,035	\$ 330,340
Employees	72,843	-	72,843
State of Florida	102,614	-	102,614
Total Contributions	370,762	135,035	505,797
Investment Income:			
Net Appreciation (Depreciation) in Fair Value of Investments	(225)	16,661	16,436
Dividend and Interest Income	71,489	-	71,489
Investment Expense	(27,019)	-	(27,019)
Net Investment Income	44,245	16,661	60,906
Total Additions	415,007	151,696	566,703
<u>Deductions</u>			
Retirement Benefits	31,725	39,853	71,578
Refunds of Contributions	13,860	-	13,860
Administrative Expense	15,274	-	15,274
Total Deductions	60,859	39,853	100,712
Change in Net Assets	354,148	111,843	465,991
<u>Net Assets</u>			
Beginning of Year	2,623,599	564,728	3,188,327
End of Year	\$ 2,977,747	\$ 676,571	\$ 3,654,318

TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

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. 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, 2009 there were seven employees participating in the plan. The Town is required to contribute 7% of the participant's earnings to the plan for employees with up to 5 years of service, and 8% for employees with over 5 years service. The Town contributes 18.33% for the Town Manager under a contractual arrangement. Contributions and related investment earnings are credited to individual self-directed investment accounts, and the employee immediately becomes 100% vested in the account balances. During the year ended September 30, 2009, Town contributions to the plan totaled \$55,071.

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS

The Town does not provide its employees any postemployment benefits other than pensions.

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, 2009 was 3.087. The millage rate assessed by the Town on taxable property to be levied on November 1, 2009 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%
December	3%
January	2%
February	1%
March	0%

TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

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, 2009, there were no significant reductions in coverages from the prior year. Insurance claim settlements have not exceeded coverage's on any policies during the past three fiscal years.

NOTE 15 ENGINEERING AND CONSTRUCTION COMMITMENTS

As of September 30, 2009, the Town had uncompleted utility engineering contracts with the Town's engineers, Neel-Schaffer, Inc., totaling \$20,666.

The Town has an architectural design contract with James P. Senatore for the new library building for \$600,000. Through September 30, 2009, Senatore had billed \$540,000 for these services.

On December 21, 2009, the Town entered into a \$3,990,000 contract with Heart Construction LLC for construction of the Town's new library.

NOTE 16 COMMUNICATIONS SERVICES TAX LIABILITY

On November 3, 2008, the Town was notified by the State of Florida that it had completed audits of some communications services providers, and that the Town had been overpaid communications services taxes in the amount of \$148,342 during the previous 3 years. This liability is being repaid to the State through reductions in monthly tax distributions over 36 months beginning March 2009. The amount payable to the State was \$115,367 at September 30, 2009.

**TOWN OF LADY LAKE, FLORIDA
POLICE RETIREMENT TRUST FUND
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2009**

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
10/1/09	\$ 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
2009	\$ 293,212	\$ 195,305	\$ 97,907 *	100%
2008	238,783	140,876	97,907 *	100%
2007	207,179	123,615	97,907 *	107%
2006	195,217	129,416	65,801 *	100%
2005	198,874	133,073	65,801 *	100%
2004	140,161	85,373	65,801 *	108%

* "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, 2009 AND 2008**

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Cash and Equivalents	\$ 556,796	\$ 1,228,608
Investments	4,457,181	4,140,014
Accounts Receivable:		
Franchise and Utility Taxes	201,896	232,443
Other	7,515	9,413
Due from Utility Fund	2,324	2,158
Special Paving Assessments Receivable	2,984	13,317
Due from Other Governments:		
Federal	-	24,552
State of Florida	130,144	236,775
Lake County	100,117	21,901
Real Property Held for Resale	64,883	-
Prepaid Expenditures	135,308	131,024
	<u>\$ 5,659,148</u>	<u>\$ 6,040,205</u>
<u>LIABILITIES AND FUND BALANCE</u>		
LIABILITIES:		
Accounts Payable	\$ 65,848	\$ 285,713
Accrued Payroll and Related Liabilities	228,537	203,493
Due to Utility Fund	-	22,736
Due to Police Retirement Fund	-	101,463
Due to State of Florida	203	577
Unearned and Deferred Revenue:		
Federal and State Grants	-	28,645
Excise Taxes	-	101,338
Business Taxes	43,238	36,624
Special Paving Assessments	2,984	13,317
	<u>340,810</u>	<u>793,906</u>
FUND BALANCE:		
Reserved for Prepaid Expenditures/Resale Assets	200,191	131,024
Reserved for Police Training/Equipment	49,851	49,306
Reserved for Police Trust Account	3,494	2,939
Reserved for Building Inspections	110,568	152,649
Reserved for Recreation and Library Capital Improvements	5,446	-
Reserved for Education	1,587,846	1,584,846
Unreserved:		
Undesignated	3,360,942	3,325,535
	<u>5,318,338</u>	<u>5,246,299</u>
Total Fund Balance	<u>5,318,338</u>	<u>5,246,299</u>
Total Liabilities and Fund Balance	<u>\$ 5,659,148</u>	<u>\$ 6,040,205</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, 2009

With comparative actual amounts for the year ended September 30, 2008

	2009		VARIANCE WITH FINAL BUDGET	2008 ACTUAL
	FINAL BUDGET	ACTUAL		
REVENUES:				
Taxes	\$ 6,001,284	\$ 6,028,737	\$ 27,453	\$ 4,956,804
Licenses and Permits	403,081	409,063	5,982	722,092
Intergovernmental	1,393,641	1,396,891	3,250	1,482,333
Charges for Services	160,475	163,865	3,390	158,561
Fines and Forfeitures	86,000	84,927	(1,073)	118,481
Miscellaneous	988,430	1,075,216	86,786	1,222,545
Total Revenues	9,032,911	9,158,699	125,788	8,660,816
EXPENDITURES:				
Current:				
General Government	2,037,705	1,815,854	221,851	1,976,628
Public Safety	4,697,037	4,605,430	91,607	4,560,641
Growth Management	266,845	257,645	9,200	437,204
Public Works	1,377,286	1,336,765	40,521	1,356,600
Culture and Recreation	885,212	866,044	19,168	905,622
Capital Outlay	445,688	445,688	-	882,986
Debt Service	138,494	138,494	-	74,494
Total Expenditures	9,848,267	9,465,920	382,347	10,194,175
Deficiency of Revenues Under Expenditures	(815,356)	(307,221)	508,135	(1,533,359)
OTHER FINANCING SOURCES:				
Capital Lease	251,000	251,000	-	-
Transfer from Utility Fund	124,000	124,000	-	29,000
Sale of Capital Assets	4,260	4,260	-	920
Total Other Financing Sources	379,260	379,260	-	29,920
Net Change in Fund Balance	(436,096)	72,039	508,135	(1,503,439)
Fund Balance, Beginning of Year	5,246,299	5,246,299		6,749,738
Fund Balance, End of Year	<u>\$ 4,810,203</u>	<u>\$ 5,318,338</u>	<u>\$ 508,135</u>	<u>\$ 5,246,299</u>

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

TOWN OF LADY LAKE, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO BUDGET
FOR THE YEAR ENDED SEPTEMBER 30, 2009

With comparative actual amounts for the year ended September 30, 2008

	2009		VARIANCE WITH FINAL BUDGET	2008 ACTUAL
	FINAL BUDGET	ACTUAL		
TAXES:				
Ad Valorem Taxes	\$ 2,580,278	\$ 2,581,571	\$ 1,293	\$ 1,998,784
Local Option Gas Tax	130,404	132,919	2,515	138,315
Casualty Insurance Premium Tax	203,952	203,952	-	-
Franchise Fees:				
Electric	1,100,000	1,117,179	17,179	958,601
Gas	23,000	23,260	260	22,351
Garbage	158,000	157,756	(244)	155,289
Utility Taxes:				
Electric	753,000	756,640	3,640	677,439
Water	163,900	164,619	719	139,081
Gas	7,500	7,537	37	6,862
Communications Services Tax	828,000	829,973	1,973	809,202
Town Business Tax	53,250	53,331	81	50,880
Total Taxes	<u>6,001,284</u>	<u>6,028,737</u>	<u>27,453</u>	<u>4,956,804</u>
LICENSES AND PERMITS:				
Building Permits and Inspections	248,100	251,227	3,127	399,302
Building Plan Review Fees	74,400	75,987	1,587	122,855
Site Plan Review Fees	10,365	10,515	150	110,509
Comp Plan Amendment Fees	2,500	2,500	-	17,900
Annexation/Subdivision Fees	40,600	41,125	525	20,850
Zoning Fees	22,200	22,663	463	36,750
Other Licenses & Permits	4,916	5,046	130	13,926
Total Licenses and Permits	<u>403,081</u>	<u>409,063</u>	<u>5,982</u>	<u>722,092</u>
INTERGOVERNMENTAL:				
Federal Law Enforcement Grant	1,000	1,000	-	4,219
Federal B of J Grant	10,262	10,262	-	-
Federal CDBG Grant	91,000	90,900	(100)	90,900
Federal Tornado Grant	24,552	24,552	-	55,195
State Tornado Grant	4,092	4,092	-	8,969
State FRDAP Grant	33,903	33,903	-	-
County Law Enforcement Grant	3,700	3,700	-	29,274
County Recreation Grants	-	-	-	8,278
County Recycling & Education Grant	-	-	-	41
State Revenue Sharing	335,285	335,286	1	343,402
Mobile Home Licenses	37,000	37,190	190	34,103
Alcohol Beverage Licenses	9,421	9,421	-	10,026
1/2 Cent Sales Tax	577,000	580,329	3,329	652,693
State Transportation Revenue	38,018	38,018	-	37,627
County Transportation Revenue	49,556	49,024	(532)	-
County Library Agreement	152,217	152,217	-	169,545
County Business Tax	9,635	9,635	-	20,681
County Gas Tax	17,000	17,362	362	17,380
Total Intergovernmental	<u>1,393,641</u>	<u>1,396,891</u>	<u>3,250</u>	<u>1,482,333</u>

TOWN OF LADY LAKE, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO BUDGET (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2009
With comparative actual amounts for the year ended September 30, 2008

	2009		VARIANCE WITH FINAL BUDGET	2008 ACTUAL
	FINAL BUDGET	ACTUAL		
CHARGES FOR SERVICES:				
Villages - Public Safety	\$ 100,000	\$ 100,000	\$ -	\$ 100,000
Police Services	47,345	50,557	3,212	45,784
Copies and Certifications	1,270	1,379	109	935
Town License Plates	-	3	3	10
Recreation Program Fees	2,960	2,960	-	3,040
Library Fees	8,900	8,966	66	8,792
Total Charges for Services	160,475	163,865	3,390	158,561
FINES AND FORFEITURES:				
Court Fines	48,000	48,172	172	56,161
Forfeitures	2,500	2,087	(413)	14,345
Animal Control Citations	1,000	980	(20)	810
Code Enforcement Fines	5,000	4,605	(395)	15,962
Police Education	5,000	4,430	(570)	5,132
Police Automation	20,000	19,821	(179)	20,822
Library Fines	4,500	4,832	332	5,249
Total Fines and Forfeitures	86,000	84,927	(1,073)	118,481
MISCELLANEOUS:				
Interest Earnings	8,800	8,826	26	88,426
Net Increase in Fair Value of Investments	270,000	317,167	47,167	119,857
Building/Park Rental Fees	9,300	9,220	(80)	12,082
Paving Assessments and Interest	9,803	29,488	19,685	52,919
Fire Assessments - Villages	650,000	650,010	10	599,191
Library Impact Fees	-	782	782	-
Recreation Impact Fees	-	4,664	4,664	-
Supplemental Education Fees	-	3,000	3,000	193,200
Contributions and Donations	14,236	14,451	215	42,170
Fuel Tax Refund	6,400	6,655	255	6,854
Insurance Claim Proceeds	6,725	6,725	-	8,619
Miscellaneous Revenues	13,166	24,228	11,062	99,227
Total Miscellaneous	988,430	1,075,216	86,786	1,222,545
Total Revenues	\$ 9,032,911	\$ 9,158,699	\$ 125,788	\$ 8,660,816

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, 2009
With comparative actual amounts for the year ended September 30, 2008

	2009		VARIANCE WITH FINAL BUDGET	2008 ACTUAL
	FINAL BUDGET	ACTUAL		
GENERAL GOVERNMENT:				
Town Commission:				
Personal Services	\$ 39,865	\$ 39,209	\$ 656	\$ 38,064
Operating Expenses	5,088	4,812	276	11,268
Total Town Commission	44,953	44,021	932	49,332
Town Manager:				
Personal Services	226,476	230,173	(3,697)	221,579
Operating Expenses	11,675	11,208	467	13,672
Capital Outlay	-	-	-	1,859
Total Town Manager	238,151	241,381	(3,230)	237,110
Town Clerk:				
Personal Services	187,773	188,392	(619)	177,280
Operating Expenses	26,796	19,622	7,174	19,362
Election Expenses	3,818	3,818	-	3,580
Total Town Clerk	218,387	211,832	6,555	200,222
Finance Department:				
Personal Services	404,052	403,810	242	368,777
Operating Expenses	41,992	41,682	310	51,546
Capital Outlay	-	-	-	2,321
Total Finance Department	446,044	445,492	552	422,644
Human Resources/Risk Mgmt:				
Personal Services	196,109	200,425	(4,316)	189,363
Operating Expenses	15,815	15,428	387	22,716
Total Human Resources	211,924	215,853	(3,929)	212,079
Legal Counsel	125,000	126,112	(1,112)	195,950
Other General Government:				
Personal Services	-	-	-	27,000
Operating Expenses	279,209	274,393	4,816	317,651
Tornado/Storm Expenses	-	-	-	54,906
Aid to Private Organizations	4,600	4,600	-	16,145
Tornado Relief (from donations)	-	-	-	11,900
Capital Outlay	72,310	26,307	46,003	10,374
Contingency	171,005	-	171,005	-
Total Other General Government	527,124	305,300	221,824	437,976

TOWN OF LADY LAKE, FLORIDA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2009
With comparative actual amounts for the year ended September 30, 2008

	2009		VARIANCE WITH FINAL BUDGET	2008 ACTUAL
	FINAL BUDGET	ACTUAL		
GENERAL GOVERNMENT (continued):				
Facilities Maintenance:				
Personal Services	\$ 100,421	\$ 100,898	\$ (477)	\$ 95,454
Operating Expenses	7,127	5,668	1,459	10,320
Total Facilities Maintenance	<u>107,548</u>	<u>106,566</u>	<u>982</u>	<u>105,774</u>
Motor Pool (Fleet Maintenance):				
Personal Services	98,944	100,451	(1,507)	95,462
Operating Expenses	17,720	16,938	782	17,087
Capital Outlay	1,910	1,908	2	2,992
Total Motor Pool	<u>118,574</u>	<u>119,297</u>	<u>(723)</u>	<u>115,541</u>
Total General Government	<u>2,037,705</u>	<u>1,815,854</u>	<u>221,851</u>	<u>1,976,628</u>
PUBLIC SAFETY:				
Police Department:				
Personal Services	2,849,143	2,777,264	71,879	2,716,873
Operating Expenses	452,377	444,796	7,581	519,987
Capital Outlay	391,354	381,934	9,420	102,102
Capital Outlay - Federal Grants	1,000	1,000	-	675
Debt Service	138,494	138,494	-	74,494
Total Police Department	<u>3,832,368</u>	<u>3,743,488</u>	<u>88,880</u>	<u>3,414,131</u>
Fire Control:				
Operating Expenses	650,000	650,010	(10)	599,191
Building Inspections:				
Personal Services	112,986	113,128	(142)	152,513
Operating Expenses	189,600	186,466	3,134	418,029
Total Building Inspections	<u>302,586</u>	<u>299,594</u>	<u>2,992</u>	<u>570,542</u>
Code Enforcement:				
Personal Services	37,172	36,611	561	34,638
Operating Expenses	13,405	14,221	(816)	16,633
Total Code Enforcement	<u>50,577</u>	<u>50,832</u>	<u>(255)</u>	<u>51,271</u>
Total Public Safety	<u>4,835,531</u>	<u>4,743,924</u>	<u>91,607</u>	<u>4,635,135</u>
GROWTH MANAGEMENT				
Personal Services	186,235	186,286	(51)	261,577
Operating Expenses	80,610	71,359	9,251	156,746
Capital Outlay	-	-	-	18,881
Total Growth Management	<u>266,845</u>	<u>257,645</u>	<u>9,200</u>	<u>437,204</u>

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TOWN OF LADY LAKE, FLORIDA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2009
With comparative actual amounts for the year ended September 30, 2008

	2009		VARIANCE WITH FINAL BUDGET	2008 ACTUAL
	FINAL BUDGET	ACTUAL		
PUBLIC WORKS:				
Administration:				
Personal Services	\$ 160,640	\$ 160,962	\$ (322)	\$ 119,722
Operating Expenses	51,140	48,042	3,098	66,631
Total Administration	211,780	209,004	2,776	186,353
Streets and Maintenance:				
Personal Services	450,231	435,999	14,232	449,370
Electric-Street Lights	153,300	144,560	8,740	136,096
Operating Expenses	182,075	167,249	14,826	179,155
Street Resurfacing	379,900	379,953	(53)	346,486
Capital Outlay	-	-	-	59,140
Capital Outlay - Building	-	-	-	82,397
Total Streets and Maintenance	1,165,506	1,127,761	37,745	1,252,644
Total Public Works	1,377,286	1,336,765	40,521	1,438,997
CULTURE AND RECREATION:				
Library:				
Personal Services	288,878	288,129	749	284,923
Operating Expenses	56,659	54,303	2,356	51,797
Library Books	61,500	61,698	(198)	59,207
Capital Outlay	-	-	-	4,667
Capital Outlay - Library Building	368,790	368,790	-	341,300
Total Library	775,827	772,920	2,907	741,894
Parks and Recreation:				
Personal Services	245,642	239,799	5,843	236,621
Operating Expenses	188,330	179,214	9,116	215,744
Operating Expenses - Community Bldg	10,300	9,003	1,297	13,581
Capital Outlay	-	-	-	39,082
Capital Outlay - FRDAP Grant	33,903	33,898	5	-
Capital Outlay - P & R Building	76,898	76,898	-	459,289
Total Parks and Recreation	555,073	538,812	16,261	964,317
Total Culture and Recreation	1,330,900	1,311,732	19,168	1,706,211
Total Expenditures	\$ 9,848,267	\$ 9,465,920	\$ 382,347	\$ 10,194,175

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, 2009 AND 2008**

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Cash	\$ 707,978	\$ 439,730
Due from State of Florida	<u>91,238</u>	<u>97,182</u>
 Total Assets	 <u>\$ 799,216</u>	 <u>\$ 536,912</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Deferred Revenue - Infrastructure Surtax	<u>\$ 22,797</u>	<u>\$ 25,218</u>
 Fund Balance, Reserved for Infrastructure	 <u>776,419</u>	 <u>511,694</u>
 Total Liabilities and Fund Balance	 <u>\$ 799,216</u>	 <u>\$ 536,912</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, 2009
With comparative actual amounts for the year ended September 30, 2008

	2009		VARIANCE WITH FINAL BUDGET	2008 ACTUAL
	FINAL BUDGET	ACTUAL		
REVENUES:				
Local Government Infrastructure Surtax	\$ 995,000	\$ 991,668	\$ (3,332)	\$ 1,099,337
Interest Earned	3,100	3,152	52	3,761
Total Revenues	998,100	994,820	(3,280)	1,103,098
OTHER FINANCING SOURCES (USES):				
Transfer to Utility Fund	(730,095)	(730,095)	-	(730,163)
Total Other Financing Sources (Uses)	(730,095)	(730,095)	-	(730,163)
Net Change in Fund Balance	268,005	264,725	(3,280)	372,935
Fund Balance, Beginning of Year	511,694	511,694	-	138,759
Fund Balance, End of Year	\$ 779,699	\$ 776,419	\$ (3,280)	\$ 511,694

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

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TOWN OF LADY LAKE, FLORIDA

ENTERPRISE FUND

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

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

TOWN OF LADY LAKE, FLORIDA
UTILITY FUND
COMPARATIVE STATEMENTS OF NET ASSETS
SEPTEMBER 30, 2009 AND 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
CURRENT ASSETS:		
Cash	\$ 676,478	\$ 836,140
Investments	147,731	233,681
Restricted Cash:		
State Revolving Fund Loan Reserves	41,852	41,847
Customer Deposits	411,843	353,701
Customer Accounts Receivable, net of allowance for uncollectibles of \$19,653 and \$16,504	134,969	118,768
Unbilled Utility Service Receivables	66,839	61,079
Other Receivables	-	2,806
Due from General Fund	-	22,736
Due from Lake County	171	-
Inventory	64,153	48,304
Prepaid Expenses	1,160	1,100
Total Current Assets	1,545,196	1,720,162
NONCURRENT ASSETS:		
RESTRICTED CASH:		
State Revolving Fund Loan Reserves	22,804	22,474
Impact Fees - Water	1,002,612	1,315,650
Impact Fees - Sewer	236,247	261,472
Total Restricted Cash	1,261,663	1,599,596
DEFERRED ENGINEERING COSTS	76,865	75,365
SRF AND SUNTRUST LOAN COSTS	64,638	83,686
SEWER CAPACITY RESERVATION AGREEMENT, net of accumulated amortization of \$320,670 and \$281,615 in 2009 and 2008, respectively	1,308,336	1,347,391
PROPERTY, PLANT, AND EQUIPMENT:		
Land	509,453	506,153
Buildings	346,587	343,002
Water Utility System	7,081,408	6,679,175
Sewer Utility System	17,921,883	9,289,308
Equipment	1,433,169	1,224,015
Construction in Progress	281,250	7,628,794
	27,573,750	25,670,447
Less Accumulated Depreciation	4,832,698	3,958,692
Net Property, Plant, and Equipment	22,741,052	21,711,755
Total Assets	26,997,750	26,537,955

TOWN OF LADY LAKE, FLORIDA
UTILITY FUND
COMPARATIVE STATEMENTS OF NET ASSETS (Continued)
SEPTEMBER 30, 2009 AND 2008

	2009	2008
<u>LIABILITIES</u>		
CURRENT LIABILITIES:		
Accounts Payable	\$ 102,296	\$ 59,749
Retainage Payable	-	153,772
Accrued Payroll and Related Taxes	23,815	21,468
Accrued Vacation Payable	21,358	19,414
Due to General Fund	2,324	2,158
Customer Deposits	411,843	353,701
State Revolving Fund Loan:		
Current Portion	74,724	72,162
Accrued Interest Payable	2,029	2,566
SunTrust Loan Payable:		
Current Portion	608,636	585,105
Accrued Interest Payable	10,886	12,782
Total Current Liabilities	1,257,911	1,282,877
NONCURRENT LIABILITIES:		
Unearned Revenue	31,757	32,082
State Revolving Fund Loan	198,626	273,350
SunTrust Loan	2,749,435	3,358,071
Total Noncurrent Liabilities	2,979,818	3,663,503
Total Liabilities	4,237,729	4,946,380
<u>NET ASSETS</u>		
Invested in Capital Assets, net of related debt	20,404,754	18,689,898
Restricted for Utility Capital Improvements	1,238,859	1,577,122
Restricted for Debt Service	62,627	61,755
Unrestricted	1,053,781	1,262,800
Total Net Assets	\$ 22,760,021	\$ 21,591,575

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, 2009 AND 2008

	2009	2008
OPERATING REVENUES:		
Water Sales	\$ 935,832	\$ 875,490
Sewer Revenue	489,456	336,818
Reuse Water Sales	68,654	-
Connection Fees	35,896	168,958
Garbage Revenue	338,203	338,233
Late Fees and Other Revenue	46,664	39,515
	<u>1,914,705</u>	<u>1,759,014</u>
OPERATING EXPENSES:		
Personal Services	636,051	540,651
Garbage Contract Services	305,607	305,372
Depreciation	906,233	608,071
Operating Supplies	155,783	118,486
Utilities	148,871	99,983
Repairs and Maintenance	83,534	57,089
Professional Services	64,560	63,644
Amortization	39,055	39,055
Insurance	60,973	34,535
Other Operating Expenses	98,327	133,646
	<u>2,498,994</u>	<u>2,000,532</u>
Net Operating Loss	<u>(584,289)</u>	<u>(241,518)</u>
NONOPERATING REVENUES (EXPENSES):		
Interest Revenue	13,713	119,661
Decrease in Fair Value of Investments	(55,668)	(65,619)
Debt Issuance Costs	(19,048)	(19,048)
Interest Expense	(154,090)	-
	<u>(215,093)</u>	<u>34,994</u>
Total Nonoperating Revenues (Expenses)	<u>(215,093)</u>	<u>34,994</u>
Loss Before Contributions and Transfers	(799,382)	(206,524)
CAPITAL CONTRIBUTIONS:		
Water Impact Fees	84,956	330,187
Sewer Impact Fees	127,795	497,353
Developers	1,148,982	514,818
TRANSFERS IN - Infrastructure Taxes	730,095	730,163
TRANSFERS OUT - to General Fund	(124,000)	(29,000)
	<u>1,168,446</u>	<u>1,836,997</u>
Change in Net Assets	<u>1,168,446</u>	<u>1,836,997</u>
Total Net Assets, Beginning of Year	<u>21,591,575</u>	<u>19,754,578</u>
Total Net Assets, End of Year	<u>\$ 22,760,021</u>	<u>\$ 21,591,575</u>

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

TOWN OF LADY LAKE, FLORIDA
UTILITY FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 1,953,196	\$ 1,647,361
Cash Payments to Employees for Services	(631,760)	(527,938)
Cash Payments to Suppliers for Goods and Services	(956,040)	(762,221)
Net Cash Provided by Operating Activities	365,396	357,202
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfer to General Fund	(124,000)	(29,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
St. Johns River WMD Grant	-	360,000
Transfer from Sales Tax Revenue Fund - Infrastructure Taxes	730,095	730,163
Water and Sewer Impact Fees Received	212,751	827,540
Developer Contribution	-	57,700
State Revolving Fund Loan Interest Paid	(11,533)	(14,007)
State Revolving Fund Loan Principal Repayments	(72,162)	(69,687)
Suntrust Loan Interest Paid	(144,990)	(168,035)
Suntrust Loan Principal Paid	(585,105)	(562,128)
Acquisition and Construction of Capital Assets	(853,895)	(3,779,812)
Net Cash Used in Capital and Related Financing Activities	(724,839)	(2,618,266)
CASH FLOWS FROM INVESTING ACTIVITIES:		
State Board Fund B Pool Investment	30,282	(299,300)
Interest Received on Demand Deposits	13,713	119,661
Net Cash Provided by (Used in) Investing Activities	43,995	(179,639)
NET DECREASE IN CASH	(439,448)	(2,469,703)
Cash at Beginning of Year	2,831,284	5,300,987
Cash at End of Year	\$ 2,391,836	\$ 2,831,284

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, 2009 AND 2008

	2009	2008
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Loss	\$ (584,289)	\$ (241,518)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and Amortization	945,288	647,126
Increase in Accounts Receivable	(16,201)	(9,833)
Increase in Unbilled Receivables	(5,760)	(9,630)
(Increase) Decrease in Other Receivables	2,806	(1,551)
(Increase) Decrease in Due from General Fund	22,736	(22,736)
Increase in Due from Lake County	(171)	-
(Increase) Decrease in Inventory	(15,849)	2,484
(Increase) Decrease in Prepaid Expenses	(60)	44,036
Increase (Decrease) in Accounts Payable	(45,378)	26,472
Increase in Due to General Fund	166	278
Increase in Accrued Payroll and Related Taxes	2,347	8,003
Increase in Accrued Vacation Payable	1,944	4,710
Increase in Customer Deposits	58,142	98,077
Decrease in Unearned Revenue	(325)	(188,716)
Total Adjustments	949,685	598,720
Net Cash Provided by Operating Activities	\$ 365,396	\$ 357,202
NONCASH CAPITAL ACTIVITIES:		
Utility system construction on account	\$ (65,847)	\$ (212,234)
Developer utility system contributions	1,148,982	457,118

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

TOWN OF LADY LAKE, FLORIDA

**UTILITY FUND
SCHEDULE OF BUDGETARY COMPLIANCE**

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

**TOWN OF LADY LAKE, FLORIDA
UTILITY FUND
SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL (BASIS OTHER THAN GAAP)
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:			
Water Sales	\$ 930,600	\$ 935,832	\$ 5,232
Sewer Revenue	487,650	489,456	1,806
Reuse Water Sales	67,000	68,654	1,654
Connection Fees	34,675	35,896	1,221
Garbage Revenue	338,032	338,203	171
Late Fees and Other Revenue	45,618	46,664	1,046
Interest Revenue	13,600	13,713	113
Decrease in Fair Value of Investments	(60,000)	(55,668)	4,332
Water and Sewer Impact Fees	212,751	212,751	-
Developer Contributions	-	1,148,982	1,148,982
Transfers in from Sales Tax Revenue Fund	730,095	730,095	-
	<u>2,800,021</u>	<u>3,964,578</u>	<u>1,164,557</u>
EXPENSES:			
Personal Services	637,128	636,051	1,077
Depreciation and Amortization	-	945,288	(945,288)
Operating Expenses - Water	345,886	358,078	(12,192)
Operating Expenses - Sewer	289,784	247,195	42,589
Operating Expenses - Garbage	312,422	312,382	40
Interest Expense	155,987	154,090	1,897
Debt Issuance Costs	19,049	19,048	1
Principal - Utility Debt	657,267	657,267	-
Equipment Purchases	259,284	233,114	26,170
Water Utility System Improvements	945,726	386,911	558,815
Sewer Utility System Improvements	173,286	159,638	13,648
Transfers out to General Fund	124,000	124,000	-
	<u>3,919,819</u>	<u>4,233,062</u>	<u>(313,243)</u>
Deficiency of Revenues Under Expenses	<u><u>\$(1,119,798)</u></u>	<u><u>\$ (268,484)</u></u>	<u><u>\$ 851,314</u></u>

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, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
CAPITAL ASSETS:		
Land	\$ 1,660,349	\$ 1,660,349
Buildings	6,278,389	5,788,434
Improvements Other Than Buildings	1,875,376	1,849,069
Furniture and Equipment	4,393,569	4,044,711
Infrastructure	1,480,447	1,480,447
Construction in Progress	<u>755,079</u>	<u>799,346</u>
 Total Capital Assets	 <u><u>\$ 16,443,209</u></u>	 <u><u>\$ 15,622,356</u></u>
 INVESTMENT IN CAPITAL ASSETS FROM:		
Excise Taxes Revenue Bonds	\$ 375,000	\$ 375,000
Capital Improvement Revenue Bonds	293,287	293,287
Federal Grants	328,245	327,245
State of Florida Grants	585,033	551,135
Lake County Grants	641,142	639,059
Donations and Developer Contributions	2,477,334	2,512,834
General Fund Revenues	<u>11,743,168</u>	<u>10,923,796</u>
 Total Investment in Capital Assets	 <u><u>\$ 16,443,209</u></u>	 <u><u>\$ 15,622,356</u></u>

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

TOWN OF LADY LAKE, FLORIDA
SCHEDULE OF CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES
BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2009

FUNCTION AND ACTIVITY	LAND	BUILDINGS	IMPROVEMENTS OTHER THAN BUILDINGS	FURNITURE AND EQUIPMENT	INFRA- STRUCTURE	CONSTRUCTION IN PROGRESS	TOTAL
GENERAL GOVERNMENT:							
Town Manager	\$ -	\$ -	\$ -	\$ 10,871	\$ -	\$ -	\$ 10,871
Town Clerk	-	-	-	10,939	-	-	10,939
Finance	-	-	-	88,854	-	-	88,854
Human Resources	-	-	-	11,209	-	-	11,209
Other General Government	1,003,382	2,844,827	174,336	410,877	-	-	4,433,422
Facilities Maintenance	-	-	-	32,903	-	-	32,903
Motor Pool	-	-	-	78,716	-	-	78,716
Total General Government	<u>1,003,382</u>	<u>2,844,827</u>	<u>174,336</u>	<u>644,369</u>	<u>-</u>	<u>-</u>	<u>4,666,914</u>
PUBLIC SAFETY:							
Police	-	-	8,806	2,101,812	-	-	2,110,618
Building Inspections/Code Enf	-	-	-	66,222	-	-	66,222
Total Public Safety	<u>-</u>	<u>-</u>	<u>8,806</u>	<u>2,168,034</u>	<u>-</u>	<u>-</u>	<u>2,176,840</u>
GROWTH MANAGEMENT							
	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,605</u>	<u>-</u>	<u>-</u>	<u>84,605</u>
PUBLIC WORKS:							
Administration	-	1,639,187	2,850	53,149	-	-	1,695,186
Streets and Maintenance	174,247	142,433	124,484	905,838	1,480,447	-	2,827,449
Total Public Works	<u>174,247</u>	<u>1,781,620</u>	<u>127,334</u>	<u>958,987</u>	<u>1,480,447</u>	<u>-</u>	<u>4,522,635</u>
CULTURE AND RECREATION:							
Library	48,000	870,855	-	163,925	-	755,079	1,837,859
Parks and Recreation	434,720	781,087	1,564,900	373,649	-	-	3,154,356
Total Culture and Recreation	<u>482,720</u>	<u>1,651,942</u>	<u>1,564,900</u>	<u>537,574</u>	<u>-</u>	<u>755,079</u>	<u>4,992,215</u>
Total Capital Assets	<u>\$ 1,660,349</u>	<u>\$ 6,278,389</u>	<u>\$ 1,875,376</u>	<u>\$ 4,393,569</u>	<u>\$ 1,480,447</u>	<u>\$ 755,079</u>	<u>\$ 16,443,209</u>

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, 2009

FUNCTION AND ACTIVITY	BALANCE 9/30/2008	ADDITIONS	TRANSFERS/ DISPOSALS	BALANCE 9/30/2008
GENERAL GOVERNMENT:				
Town Manager	\$ 12,789	\$ -	\$ (1,918)	\$ 10,871
Town Clerk	9,821	-	1,118	10,939
Finance	88,854	-	-	88,854
Human Resources	11,209	-	-	11,209
Other General Government	4,416,587	26,307	(9,472)	4,433,422
Facilities Maintenance	32,903	-	-	32,903
Motor Pool	78,248	1,908	(1,440)	78,716
Total General Government	4,650,411	28,215	(11,712)	4,666,914
PUBLIC SAFETY:				
Police	1,761,543	382,934	(33,859)	2,110,618
Building Inspections/Code Enforce	66,222	-	-	66,222
Total Public Safety	1,827,765	382,934	(33,859)	2,176,840
GROWTH MANAGEMENT	85,724	-	(1,119)	84,605
PUBLIC WORKS:				
Administration	1,689,586	-	5,600	1,695,186
Streets and Maintenance	2,831,800	-	(4,351)	2,827,449
Total Public Works	4,521,386	-	1,249	4,522,635
CULTURE AND RECREATION:				
Library	1,472,510	368,790	(3,441)	1,837,859
Parks and Recreation	3,064,560	110,796	(21,000)	3,154,356
Total Culture and Recreation	4,537,070	479,586	(24,441)	4,992,215
Total Capital Assets	\$ 15,622,356	\$ 890,735	\$ (69,882)	\$ 16,443,209

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

STATISTICAL SECTION

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

Contents

Page

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.

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Revenue Capacity

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

91-94

Debt Capacity

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

95-98

Demographic and Economic Information

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

99-101

Operating Information

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

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

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

Fiscal Year 2008	Fiscal Year 2009
\$ 10,361,952	\$ 10,365,935
511,694	781,865
-	-
52,245	53,345
152,649	110,568
1,584,846	1,587,846
-	-
<u>3,363,431</u>	<u>3,327,725</u>
<u>\$ 16,026,817</u>	<u>\$ 16,227,284</u>
\$ 18,689,898	\$ 20,404,754
1,577,122	1,238,859
61,755	62,627
<u>1,262,800</u>	<u>1,053,781</u>
<u>\$ 21,591,575</u>	<u>\$ 22,760,021</u>
\$ 29,051,850	\$ 30,770,689
2,088,816	2,020,724
61,755	62,627
52,245	53,345
152,649	110,568
1,584,846	1,587,846
-	-
<u>4,626,231</u>	<u>4,381,506</u>
<u>\$ 37,618,392</u>	<u>\$ 38,987,305</u>

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

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

<u>Fiscal Year 2008</u>	<u>Fiscal Year 2009</u>
\$ 2,116,586	\$ 1,933,144
4,675,709	4,515,835
428,130	267,442
1,459,612	1,509,663
1,026,511	999,196
9,339	11,916
9,715,887	9,237,196
933,226	1,133,735
774,490	1,226,015
311,864	312,382
2,019,580	2,672,132
\$ 11,735,467	\$ 11,909,328
\$ 179,083	\$ 36,471
1,393,794	1,208,716
186,009	76,803
29,163	25,978
408,982	279,589
579,163	148,211
2,776,194	1,775,768
1,073,086	1,000,324
347,695	576,178
338,233	338,203
1,342,358	1,361,733
3,101,372	3,276,438
\$ 5,877,566	\$ 5,052,206
\$ (6,939,693)	\$ (7,461,428)
1,081,792	604,306
\$ (5,857,901)	\$ (6,857,122)

Continued on Next Page

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

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

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

<u>Fiscal Year 2008</u>	<u>Fiscal Year 2009</u>
\$ 1,998,784	\$ 2,581,571
1,750,420	1,569,576
1,136,241	1,298,195
1,484,241	1,791,745
644,564	697,758
212,044	329,145
-	-
(701,163)	(606,095)
6,525,131	7,661,895
54,042	(41,955)
701,163	606,095
755,205	564,140
\$ 7,280,336	\$ 8,226,035
\$ (414,562)	\$ 200,467
1,836,997	1,168,446
\$ 1,422,435	\$ 1,368,913

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
General Fund				
Reserved	\$ 59,673	\$ 82,443	\$ 177,810	\$ 102,443
Unreserved	4,443,708	4,276,406	4,533,779	4,482,344
Total General Fund	<u>\$ 4,503,381</u>	<u>\$ 4,358,849</u>	<u>\$ 4,711,589</u>	<u>\$ 4,584,787</u>
All Other Governmental Funds				
Reserved	\$ 2,795,427	\$ 2,758,304	\$ 2,982,325	\$ 1,577,685
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Debt service funds	507,553	446,074	454,456	2,102
Total all other governmental funds	<u>\$ 3,302,980</u>	<u>\$ 3,204,378</u>	<u>\$ 3,436,781</u>	<u>\$ 1,579,787</u>

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 134,255	\$ 250,293	\$ 253,335	\$ 1,918,082	\$ 1,920,764	\$ 1,957,396
4,495,698	5,077,867	5,199,945	4,831,656	3,325,535	3,360,942
<u>\$ 4,629,953</u>	<u>\$ 5,328,160</u>	<u>\$ 5,453,280</u>	<u>\$ 6,749,738</u>	<u>\$ 5,246,299</u>	<u>\$ 5,318,338</u>
\$ 2,555,097	\$ 3,205,390	\$ 2,168,936	\$ 138,759	\$ 511,694	\$ 776,419
-	-	-	-	-	-
-	-	-	-	-	-
10,732	33,165	-	-	-	-
<u>\$ 2,565,829</u>	<u>\$ 3,238,555</u>	<u>\$ 2,168,936</u>	<u>\$ 138,759</u>	<u>\$ 511,694</u>	<u>\$ 776,419</u>

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

(Modified accrual basis of accounting)

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Revenues					
Taxes	\$ 3,302,732	\$ 3,537,423	\$ 4,075,934	\$ 4,037,868	\$ 4,421,158
Licenses and Permits	242,183	242,687	136,059	170,528	182,997
Intergovernmental Revenues	1,429,721	1,136,393	1,075,846	1,389,067	1,375,162
Charges for Services	110,591	135,137	138,680	140,721	128,800
Fines and Forfeitures	63,433	96,033	72,679	75,831	90,429
Investment Earnings	495,169	414,368	166,168	113,295	139,378
Miscellaneous	211,286	126,544	183,420	111,825	853,999
Total Revenues	<u>5,855,115</u>	<u>5,688,585</u>	<u>5,848,786</u>	<u>6,039,135</u>	<u>7,191,923</u>
Expenditures					
General Government	646,010	739,322	899,215	1,062,272	1,232,242
Public Safety	1,782,605	1,983,005	2,132,745	2,379,383	2,769,791
Community Development	249,460	185,348	154,919	172,220	158,050
Public Works	820,124	1,033,747	875,484	782,776	922,035
Culture and Recreation	420,169	751,061	453,288	504,349	583,211
Capital Outlay	684,529	-	99,134	2,558,403	382,787
Debt Service:					
Principal	533,000	637,779	572,000	34,000	36,000
Interest	87,662	63,989	33,580	6,899	4,945
Total Expenditures	<u>5,223,559</u>	<u>5,394,251</u>	<u>5,220,365</u>	<u>7,500,302</u>	<u>6,089,061</u>
Excess (Deficiency) of Revenues over (under) Expenditures	631,556	294,334	628,421	(1,461,167)	1,102,862
Other Financing Sources (Uses)					
Capital Lease	-	-	-	-	-
Transfers in	1,128,394	618,191	356,996	1,818,390	26,000
Transfers out	(1,128,394)	(618,191)	(356,996)	(1,818,390)	(110,819)
Sale of Capital Assets	180	18,960	4,550	5,618	13,165
Total Other Financing Sources (Uses)	<u>180</u>	<u>18,960</u>	<u>4,550</u>	<u>5,618</u>	<u>(71,654)</u>
Net Change in Fund Balances	<u>\$ 631,736</u>	<u>\$ 313,294</u>	<u>\$ 632,971</u>	<u>\$ (1,455,549)</u>	<u>\$ 1,031,208</u>
Debt service as a percentage of noncapital expenditures	15.7%	15.4%	12.7%	0.8%	0.7%

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$	4,988,671	\$ 5,646,998	\$ 5,917,231	\$ 6,005,261	\$ 7,020,405
	497,441	599,368	1,088,610	772,972	409,063
	2,021,370	1,688,267	2,926,694	1,482,333	1,396,891
	143,377	139,781	150,950	158,561	163,865
	72,948	83,664	107,193	118,481	84,927
	189,312	358,472	454,554	212,044	329,145
	910,955	765,804	2,175,751	1,014,262	749,223
	<u>8,824,074</u>	<u>9,282,354</u>	<u>12,820,983</u>	<u>9,763,914</u>	<u>10,153,519</u>
	1,483,321	1,696,456	3,121,174	1,976,628	1,815,854
	3,166,649	3,567,311	4,706,147	4,560,641	4,605,430
	279,668	301,659	487,836	437,204	257,645
	775,849	1,165,617	1,122,347	1,356,600	1,336,765
	611,836	866,326	942,050	905,622	866,044
	507,330	117,484	55,668	882,986	445,688
	38,000	11,991	74,494	62,282	130,111
	2,874	689	-	12,212	8,383
	<u>6,865,527</u>	<u>7,727,533</u>	<u>10,509,716</u>	<u>10,194,175</u>	<u>9,465,920</u>
	1,958,547	1,554,821	2,311,267	(430,261)	687,599
	-	-	273,065	-	251,000
	28,000	115,628	30,500	29,000	124,000
	(631,510)	(2,618,068)	(3,349,357)	(730,163)	(730,095)
	15,896	3,120	806	920	4,260
	<u>(587,614)</u>	<u>(2,499,320)</u>	<u>(3,044,986)</u>	<u>(700,243)</u>	<u>(350,835)</u>
\$	<u>1,370,933</u>	<u>\$ (944,499)</u>	<u>\$ (733,719)</u>	<u>\$ (1,130,504)</u>	<u>\$ 336,764</u>
	0.7%	0.2%	0.8%	0.8%	1.5%

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

<u>FISCAL YEAR</u>	<u>PROPERTY TAXES</u>	<u>INFRA-STRUCTURE SALES SURTAX</u>	<u>EXCISE TAXES</u>	<u>FRANCHISE FEES</u>	<u>UTILITY TAXES</u>	<u>COMMUNICATIONS SERVICES TAX</u>	<u>TOTAL TAXES</u>
2000	\$ 1,042,279	\$ 953,552	\$ 105,345	\$ 632,243	\$ 569,313	\$ -	\$ 3,302,732
2001	1,159,966	1,001,958	111,359	678,446	585,694	-	3,537,423
2002	1,267,434	945,157	116,058	637,102	650,212	459,971	4,075,934
2003	1,070,644	964,028	124,870	652,349	668,977	557,000	4,037,868
2004	1,178,505	1,103,045	142,101	766,679	684,444	546,384	4,421,158
2005	1,309,238	1,244,071	248,773	848,131	738,739	599,719	4,988,671
2006	1,458,224	1,376,427	276,021	1,080,606	787,841	667,879	5,646,998
2007	1,802,719	1,211,879	241,708	1,102,074	798,398	760,453	5,917,231
2008	1,998,784	1,099,337	138,315	1,136,241	823,382	809,202	6,005,261
2009	2,581,571	991,668	390,202	1,298,195	928,796	829,973	7,020,405

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		
2000	\$ 495,602,695	\$350,101,127	\$ 72,123,187	\$48,211,640	\$ 567,725,882	\$ 398,312,767	2.72	70.16%
2001	550,561,894	391,916,800	86,208,981	50,584,838	636,770,875	442,501,638	2.72	69.49%
2002	589,062,753	429,100,093	105,026,950	53,684,613	694,089,703	482,784,706	2.72	69.56%
2003	653,910,861	448,511,789	108,198,855	55,219,712	762,109,716	503,731,501	2.20	66.10%
2004	728,490,160	496,385,446	110,170,441	57,234,274	838,660,601	553,619,720	2.20	66.01%
16 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%

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	OVERLAPPING RATES						TOTAL DIRECT AND OVERLAPPING RATES
		LAKE COUNTY	SCHOOL DISTRICT	WATER CONSERVATION AUTHORITY	WATER MANAGEMENT DISTRICT	AMBULANCE DISTRICT	HOSPITAL DISTRICT	
2000	2.720	4.733	8.742	0.500	0.482	0.316	1.000	18.493
2001	2.720	5.117	8.495	0.500	0.472	0.550	1.000	18.854
2002	2.720	5.117	8.202	0.500	0.462	0.529	1.000	18.530
2003	2.200	5.917	8.395	0.482	0.462	0.529	1.000	18.985
2004	2.200	5.917	8.440	0.408	0.462	0.529	1.000	18.956
2005	2.200	5.817	7.990	0.383	0.462	0.529	1.000	18.381
2006	2.200	5.797	7.981	0.337	0.462	0.529	1.000	18.306
2007	2.200	5.947	7.648	0.253	0.462	0.529	1.000	18.039
2008	2.200	4.941	7.698	0.213	0.416	0.465	1.000	16.933
2009	3.087	4.761	7.517	0.213	0.416	0.465	1.000	17.459 *

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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 43% of the Town of Lady Lakes's total taxable value.

**TOWN OF LADY LAKE, FLORIDA
PRINCIPAL PROPERTY TAXPAYERS
SEPTEMBER 30, 2009
CURRENT YEAR COMPARED TO NINE YEARS AGO**

Taxpayer	Fiscal Year 2009			Fiscal Year 2000		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Value
Villages Operating Company	\$ 41,369,725	1	4.83%			
Lazy B Cattle Venture LTD	27,609,444	2	3.22%	\$ 13,797,537	2	3.46%
TMW Weltfonds Rolling Acres Plaza LP	19,421,295	3	2.27%			
Sun Communities Finance LP	18,722,382	4	2.19%	9,771,173	3	2.45%
The Villages of Lake-Sumter, Inc	18,481,291	5	2.16%	42,587,414	1	10.69%
Caleb's Place, Inc.	8,657,396	6	1.01%			
Embarq-Florida Inc (formerly Sprint-Florida)	8,596,270	7	1.00%	9,016,566	4	2.26%
Home Depot USA Inc	8,504,450	8	0.99%			
Villages Family Co	7,716,044	9	0.90%			
36 SRK Lady Lake 21 Associates, LLC	6,762,168	10	0.79%			
Sun Communities Finance Limited				4,673,298	5	1.17%
Unicare Health Facilities Inc				4,504,156	6	1.13%
Lady Lake Inc.				3,493,915	7	0.88%
Florida Power Corp				2,684,031	8	0.67%
Carelink Partners, Inc				2,429,587	9	0.61%
Citizens First Bank				2,343,829	10	0.59%
Total	<u>\$ 165,840,465</u>		<u>19.36%</u>	<u>\$ 95,301,506</u>		<u>23.91%</u>
Total Taxable assessed valuation	\$ 856,757,921			\$ 398,312,767		

Source: Tax Year 2009 and Tax Year 2000 ad valorem tax rolls of the Town of Lady Lake, Florida and Lake County Property Appraiser DR-403 AM.

Tax Year is equivalent to the following fiscal year.

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

FISCAL YEAR	TOTAL TAX LEVY	CURRENT TAX COLLECTIONS	PERCENT OF LEVY COLLECTED	DELINQUENT TAX COLLECTIONS	TOTAL TAX COLLECTIONS	PERCENT OF TOTAL TAX COLLECTIONS TO TAX LEVY
2000	\$ 1,083,411	\$ 1,041,251	96.1%	\$ 1,028	\$ 1,042,279	96.2%
2001	1,203,604	1,157,636	96.2%	2,330	1,159,966	96.4%
2002	1,313,174	1,264,834	96.3%	2,600	1,267,434	96.5%
2003	1,108,209	1,066,398	96.2%	4,246	1,070,644	96.6%
2004	1,217,963	1,174,094	96.4%	4,411	1,178,505	96.8%
2005	1,338,507	1,306,827	97.6%	2,411	1,309,238	97.8%
2006	1,513,479	1,455,994	96.2%	2,230	1,458,224	96.3%
2007	1,866,525	1,801,192	96.5%	1,527	1,802,719	96.6%
2008	2,072,080	1,996,742	96.4%	2,042	1,998,784	96.5%
2009	2,644,812	2,579,917	97.5%	1,654	2,581,571	97.6%

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	Utility Revenue Bonds	Loans Payable			
2000	\$ 1,329,770	\$ -	\$ -	\$ 260,049	\$ 1,589,819	N/A	\$ 134
2001	691,991	-	-	474,359	1,166,350	N/A	97
2002	119,991	-	-	700,377	820,368	N/A	66
2003	85,991	-	-	670,856	756,847	N/A	60
2004	49,991	-	-	610,247	660,238	N/A	52
2005	11,991	-	-	6,115,127	6,127,118	N/A	482
2006	-	-	-	5,528,642	5,528,642	1.86%	432
2007	-	198,571	-	4,920,503	5,119,074	1.80%	399
2008	-	136,289	-	4,288,688	4,424,977	1.49%	337
2009	-	257,178	-	3,631,421	3,888,599	1.12%	275

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

^a See Page 99 and 100 for personal income and population data.

N/A - Information is not available

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

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

**TOWN OF LADY LAKE
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2009**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes	\$ -	4.84%	\$ -
Other debt			-
Subtotal, overlapping debt			-
Direct debt			
Total direct and overlapping debt			<u><u>\$ -</u></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	
2000	\$ 953,552	\$ 495,000	\$ 69,300	\$ 564,300	1.69
2001	1,001,958	515,000	48,015	563,015	1.78
2002	945,157	540,000	24,840	564,840	1.67
2003	964,028	-	-	-	-
2004	1,103,045	-	-	-	-
2005	1,244,071	432,359	199,151	631,510	1.97
2006	1,376,427	521,495	210,175	731,670	1.88
2007	1,211,879	540,842	189,287	730,129	1.66
2008	1,099,337	562,128	168,035	730,163	1.51
2009	991,668	585,105	144,990	730,095	1.36

**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	
2000	\$ 417,873	\$ 289,553	\$ 128,320	\$ - *	\$ - *	\$ - *	N/A
2001	581,080	408,609	172,471	- *	- *	- *	N/A
2002	648,621	411,306	237,315	- *	- *	- *	N/A
2003	664,894	552,481	112,413	29,521	12,326	41,847	2.69
2004	736,939	512,480	224,459	60,609	23,085	83,694	2.68
2005	828,833	547,274	281,559	62,761	20,933	83,694	3.36
2006	985,061	747,891	237,170	64,990	18,705	83,695	2.83
2007	1,114,503	850,828	263,675	67,297	16,397	83,694	3.15
2008	1,381,266	1,041,542	339,724	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

¹ For fiscal year 2000, water system gross revenues. Fiscal years 2001 through 2009, water and sewer system gross revenues.

² For fiscal year 2000, water operating expenses exclusive of depreciation. Fiscal years 2001 through 2009, water and sewer operating expenses exclusive of depreciation and amortization.

* The Town was not subject to any revenue bond loan coverage covenants for the years ended September 30, 2000, 2001 and 2002.

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 AND ECONOMIC STATISTICS
SEPTEMBER 30, 2009**

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 (December)	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 2000 U.S.Census
 **Villages of Lady Lake Elementary opened in 1996

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

POPULATION

<u>Year</u>	<u>Town of Lady Lake</u>		<u>Lake County</u>	
	<u>Population</u>	<u>% Increase</u>	<u>Population</u>	<u>% Increase</u>
1990 *	8,071	26.43%	152,104	3.94%
2000 *	11,828	N/A	210,528	3.27%
2001 *	12,022	1.64%	220,323	4.65%
2002 *	12,364	2.84%	231,072	4.88%
2003	12,556	1.55%	240,716	4.17%
2004	12,666	0.88%	251,878	4.64%
2005	12,709	0.34%	263,017	4.42%
2006	12,805	0.76%	276,783	5.67%
2007	12,842	0.29%	285,422	3.12%
2008	13,117	2.14%	288,379	1.04%
2009	14,129	7.71%	291,993	1.25%

POPULATION DISTRIBUTION BY AGE - 2008

<u>Age</u>	<u>Lake County</u>	<u>State of Florida</u>
0-14	16.5%	18.4%
15-44	31.1%	38.4%
45-64	26.8%	25.9%
65+	25.6%	17.3%

POPULATION PER SQUARE MILE

<u>Year</u>	<u>Lake County</u>	<u>State of Florida</u>
1980	110	181
1990	160	240
2000	221	296
2001	231	303
2002	242	309
2003	253	316
2004	264	325
2005	276	332
2006	290	340
2007	301	346
2008	303	349
2009	306	348

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

* Census Data

**TOWN OF LADY LAKE, FLORIDA
PRINCIPAL EMPLOYERS
SEPTEMBER 30, 2009**

Employer	2009			2006		
	* Employees	Rank	Percentage of Total Town Employment	* Employees	Rank	Percentage of Total Town Employment
Sam's ***	325	1	10.92%			
Publix Super Markets	130	2	4.37%	174	2	5.51%
The Home Depot	129	3	4.33%	156	3	4.94%
Winn Dixie Stores, Inc/Winn Dixie Liquors	120	4	4.03%	96	8	3.04%
Kohl's ***	112	5	3.76%			
Town of Lady Lake	101	6	3.39%	105	5	3.32%
The Villages of Lady Lake Elementary	96	7	3.22%	99	7	3.13%
Katie Belles Music Hall	92	8	3.09%	100	6	3.16%
Belk's Department Store	90	9	3.02%	85	10	2.69%
Carrabba's Restaurant	75	10	2.52%	88	9	2.78%
Target Department Store	72	11	2.42%	201	1	6.36%
Probuild (Casmin, Inc.)	70	12	2.35%	148	4	4.68%
Total	1,412		47.42%	1,252		39.61%
Total Town Employment	2,977			3,160		

* Full time and/or part time positions.

*** Kohl's opened September 2009; Sam's opened February 2009

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 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
General Government										
Town Manager	2	2	2	2	2	2	2	2	2	2
Town Clerk	2.5	2	2	2	2	2	3	3	3	3
Finance	4	4	4	4	4	4	5	5	6	6
Human Resource/Risk Management	1.5	1.5	1.5	2	2	2	2.5	3	3	3
Other General Gov.	0	0.5	0.5	0.5	0.5	0.5	0	0	0	0
Facilities Maint.	0	1	1	1	1	1	2	2	2	2
Motor Pool	1	2	2	1	1	1	1	1	2	2
Total General Government	11	13	13	12.5	12.5	12.5	15.5	16	18	18
Public Safety										
Police Officers	24	24	24	24	24	23	28	29	29	30
Police Civilians	9.5	10	10	11	11	11	14	14	15.5	16
Building Dept.	3	3	3	3	3	3	4	4	4	3
Code Enforcement	0.5	0.5	0.5	0.5	0.5	0.5	1	1	1	1
Total Public Safety	37	37.5	37.5	38.5	38.5	37.5	47	48	49.5	50
Growth Management	2	2	2	2	2	2	3	4	4	3
Public Works										
Administration	2	2	2	2	2	2	2	2	2	2
Street Maint.	6	6	6	6	6	7	9	9	9	9
Total Public Works	8	8	8	8	8	9	11	11	11	11
Culture and Recreation										
Library	3.5	4.5	5.5	5.5	5.5	5.5	6	6	6	6.5
Parks & Recreation	2	2	3	3	3	3	5	5	5	5
Total Culture and Recreation	5.5	6.5	8.5	8.5	8.5	8.5	11	11	11	11.5
Utilities										
Water	5	5	5	6	6	6	7	7	9	10
Solid Waste	0	1	1	1	1	1	0	0	0	0
Sewer	1	0	0	0	0	0	2	3	5	3
Total Utilities	6	6	6	7	7	7	9	10	14	13
Total Government Employees	69.5	73	75	76.5	76.5	76.5	96.5	100	107.5	106.5

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Source: Finance Department

TOWN OF LADY LAKE, FLORIDA
OPERATING INDICATORS BY FUNCTION/PROGRAM
SEPTEMBER 30, 2009

<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
Number of hours spent on public technology instruc	863	550	617	611
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 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	0	0	10	10
Residential Connections	0	0	0	0
Total Connections	0	0	10	10
Average Daily Consumption (gallons per day)	0	0	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

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

Sources: Various Town departments

TOWN OF LADY LAKE, FLORIDA
CAPITAL ASSET AND INFRASTRUCTURE STATISTICS
BY FUNCTION/PROGRAM
SEPTEMBER 30, 2009

<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

Shumacker, Johnston & Ross, PA

Certified Public Accountants

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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 16, 2010

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, 2009, which collectively comprise the Town of Lady Lake, Florida's basic financial statements and have issued our report thereon dated March 16, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's

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

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

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

Compliance and Other Matters

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

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



Shumacker, Johnston & Ross, PA

**TOWN OF LADY LAKE, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

FEDERAL AWARDS

Federal Grantor/ Program Title	Federal CFDA Number	Federal Revenues	Federal Expenditures	Federal through State Receipts
U.S. DEPARTMENT OF JUSTICE				
2006 Bullet Proof Vest Grant	16.607	\$ 9,800	\$ 543	\$ -
2008 Bullet Proof Vest Grant	16.607	462	-	-
Pass through the Florida Department of Law Enforcement: Local Law Enforcement Block Grant - Special Equipment (total grant \$1,000) Contract #2009-JAGD-LAKE-6-T8-013	16.738	1,000	1,000	1,000
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Pass through Lake County: Community Development Block Grant (total grant \$90,900)	14.218	90,900	90,900	-
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Pass through the Florida Department of Community Affairs: FEMA Disaster Relief - T Storm Fay Agreement #08-PA-B9-06-45-13-617	97.036	24,552	-	24,552
Total Federal Awards		<u>\$ 126,714</u>	<u>\$ 92,443</u>	<u>25,552</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, 2009

STATE OF FLORIDA FINANCIAL ASSISTANCE

<u>State Agency/ Program Title</u>	<u>State CSFA Number</u>	<u>State Revenues</u>	<u>State Expenditures</u>	<u>State Receipts</u>
FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION				
Florida Recreation Development Assistance Program Playground Construction Grant (total grant \$33,903) Agreement #A9125	37.017	\$ 33,903	\$ 33,903	\$ 33,903
FLORIDA DEPARTMENT OF COMMUNITY AFFAIRS				
FEMA Disaster Relief - T Storm Fay Agreement #08-PA-B9-06-45-13-617		4,092	-	4,092
Total State Financial Assistance		<u>\$ 37,995</u>	<u>\$ 33,903</u>	<u>37,995</u>
Total State Receipts				<u>\$ 63,547</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 16, 2010

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

We have examined management's assertion included in its representation letter dated March 16, 2010, 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, 2009. 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, 2009 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 16, 2010

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, 2009, and have issued our report thereon dated March 16, 2009.

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

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

- 5b. We have not reported any control deficiencies that are not significant deficiencies, including but not limited to:
1. Improper or inadequate accounting procedures.
 2. Failures to properly record financial transactions.
 3. Inaccuracies, shortages or defalcations. Also, we did not either discover any instances of fraud, or have any instances of fraud come to our attention.
6. The name of the primary government is the Town of Lady Lake, Florida, created by special act of the Florida Legislature, Chapter 12956, Laws of Florida, 1927. There are no component units included within the reporting entity.
- 7a. The Town has not met any of the financial emergency conditions described in Section 218.503(1), *Florida Statutes*.
- 7b. The financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), *Florida Statutes* is in agreement with the annual financial audit report for the year ended September 30, 2009.
- 7c. Financial condition assessment procedures pursuant to Rule 10.556(7) were applied during the audit of the basic financial statements. The Town is not, and during the fiscal year, was not experiencing deteriorating financial conditions which may cause a financial emergency described in Section 218.503(1), *Florida Statutes*. Accordingly, we have made no recommendations addressing deteriorating financial conditions in accordance with Rule 10.557(6).

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



Shumacker, Johnston & Ross, PA

AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared Karen A. Rickelman, 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.



 Karen A. Rickelman, Finance Director

STATE OF FLORIDA
COUNTY OF LAKE

SWORN TO AND SUBSCRIBED before me this 17th day of March, 2010.



 NOTARY PUBLIC
 Print Name Aubrey L. Cash

Personally known X or produced identification _____

Type of identification produced: _____

My Commission Expires:

3-30-2013

