

TOWN OF LADY LAKE, FLORIDA



Town of Lady Lake welcome sign located on Highway 466.

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

TOWN OF LADY LAKE, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Prepared by:
Karen A. Rickelman, CGFO
Finance Director

Legend:

Funding for the four laning of Highway 466 and County Road 466 provided by Lake County Transportation Impact Fees and the Village Center Community Development District and completed June 2010.

Photo taken by:
Marilynn Nesbitt
Lady Lake Director of Library &
Information Services

**TOWN OF LADY LAKE, FLORIDA
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Municipal Complex, 409 Fennell Boulevard, Lady Lake, Florida 32159 USA

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www.ladylake.org



March 25, 2011

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, 2010, 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, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting

Honorable Mayor, Commissioners
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March 25, 2011

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, 2010, 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 9.17 square miles and serves a population of 14,254. 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 FY2010 property tax millage rate of \$3.2808 per \$1,000 of taxable value was the third lowest municipal levy of the fourteen municipalities located within Lake County. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the Town Commission.

Honorable Mayor, Commissioners
and Citizens of the Town of
Lady Lake, Florida
March 25, 2011

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

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

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

FACTORS AFFECTING ECONOMIC CONDITION

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

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

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

Honorable Mayor, Commissioners
and Citizens of the Town of
Lady Lake, Florida
March 25, 2011

During the fiscal year, completed commercial construction of significance includes the CFT Retail Center (which includes Trustco Bank), MMD Computers, Tire Kingdom, and additional professional offices in the Rolling Oaks Professional Plaza. Some of the out parcels of Village Crossroads and Lady Lake Crossings being occupied during the year include Dollar Tree, H & R Block and China Max Restaurant.

Significant commercial construction that is permitted and currently under construction include Tire Choice, expansion of the Lady Lake Library by 44,069 square feet and more build outs in Village Crossroads and Lady Lake Crossings of Stressless Leather Gallery, Papa John's Pizza and Bella Orchid Nail Spa.

As the senior citizen population of Lady Lake gets older, the need for skilled and assisted nursing facilities will become necessary. A 145 bed facility called ALF at Lexington Park was completed during the year. An additional facility called the Village Rehabilitation Center is in the site plan process for a 120 bed facility.

Lake County's December 2010 unemployment rate was 11.9%. This is down from 12.7% for the same time period last year. This rate is higher than the state average of 11.6% and United States average of 9.1% for the same period.

Taxable values for real and personal property has increased by 116% 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 FY2010. Amendment 1 was approved by the Florida electorate on January 29, 2008 and its impact contributed to our limited growth in taxable values. Taxable values for FY2010 grew by only .5% from FY2009 despite the significant commercial development. As a result of this small increase in taxable values and the prior year's 9% decrease, the Town Commission increased the millage rate to \$3.2808 per \$1,000 of taxable value from \$3.087 per \$1,000 of taxable value 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, 2010 is \$4,307,215. This balance represents 52% of the FY2011 General Fund budget when the pass thru costs of the contracted fire services and the debt service on the library (funded from a transfer from the Sales Tax Revenue Fund) are removed.

Relevant financial policies. The one cent sales surtax revenue (Sales Tax Revenue Fund) is authorized through December 31, 2017. This revenue can only be used for projects eligible for funding as specified in the infrastructure sales surtax referendum. The Town will receive approximately \$1,000,000 of this revenue each year. In October 2004, the Town Commission approved borrowing \$6,000,000 and pledged this revenue for repayment of the debt through October 1, 2014. The proceeds of the loan were used to construct water and wastewater infrastructure improvements, which included a new wastewater treatment plant. The debt service payments are made monthly and will require the use of approximately

Honorable Mayor, Commissioners
and Citizens of the Town of
Lady Lake, Florida
March 25, 2011

\$730,000 of this revenue each year. In November 2009, the Town Commission approved borrowing \$3,400,000 and pledged the remainder of the one cent sales surtax revenues through its authorization date for repayment of the debt. The proceeds of the loan are being used for construction of the new Lady Lake Library. The debt service payments are made monthly and will require the use of \$204,000 of this revenue each year until October 2014 when the debt service will increase to \$948,000 per year.

Major initiatives. During fiscal year 2010, the Town completed construction of water and reuse lines along Highway 466 from Rolling Acres Road to US 27/441 in conjunction with the Highway 466 and CR 466 four laning. These improvements will serve new commercial developments within that corridor.

The continued increase in population and development has had an impact on the road systems within our community. The Highway 466 and CR 466 four laning from the Sumter County line to its terminus at US 27/441 in Lady Lake was completed in FY2010. This was a cooperative effort financed by the Lake County Transportation Impact Fees and the Village Center Community Development District. 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, 2009. This was the fifteenth consecutive year that the Town of Lady Lake has achieved this prestigious award.

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

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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

Honorable Mayor, Commissioners
and Citizens of the Town of
Lady Lake, Florida
March 25, 2011

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

Respectfully submitted,



Kristen Kollgaard
Town Manager



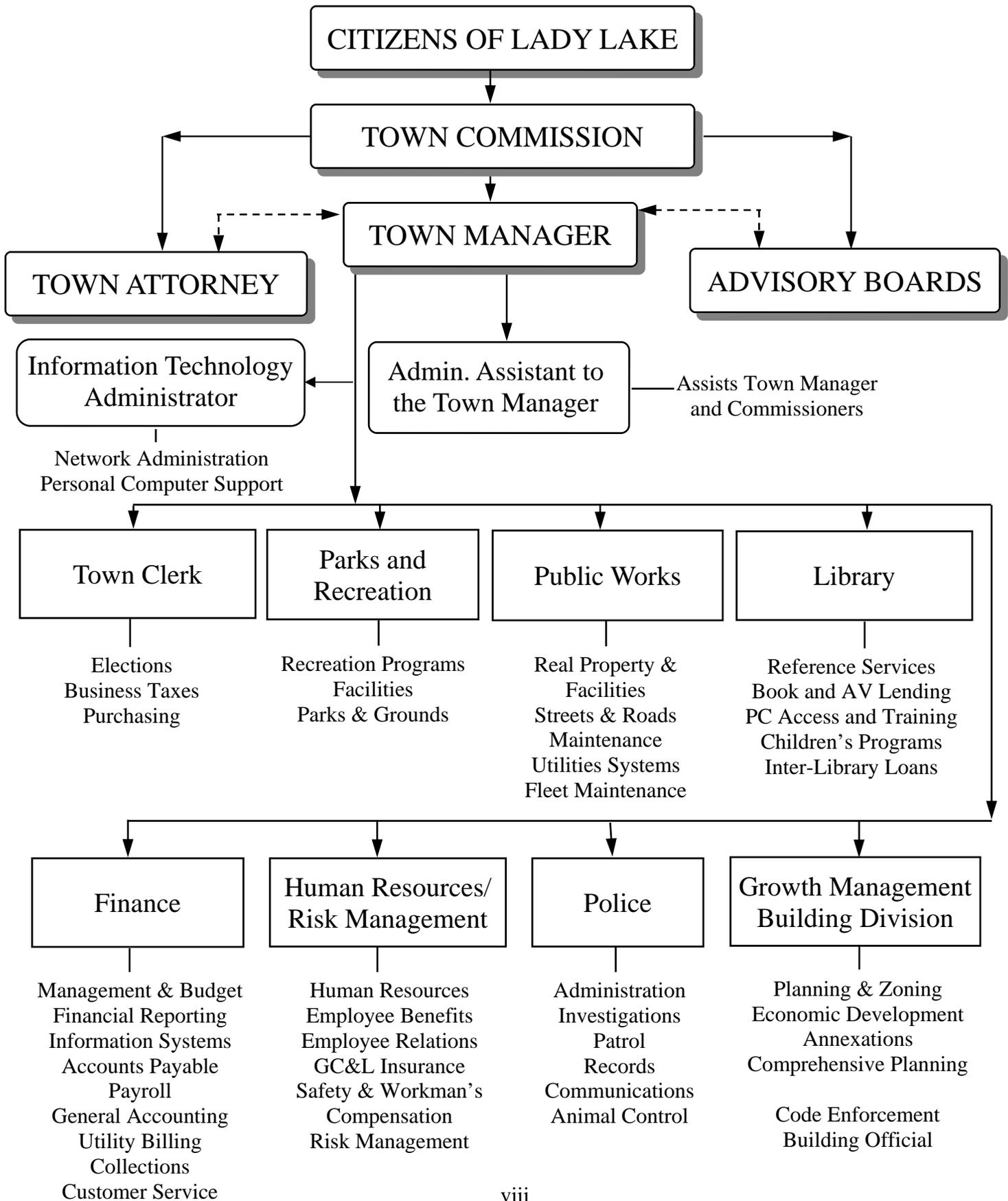
Karen A. Rickelman, CGFO
Finance Director

**TOWN OF LADY LAKE, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

**TOWN COMMISSION AND OFFICIALS
AT SEPTEMBER 30, 2010**

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/Town Clerk.....	Kristen L. Kollgaard
Finance Director.....	Karen A. Rickelman
Director of Growth Management.....	Thad M. Carroll
Director of Library and Information Services.....	Marilynn L. Nesbitt
Parks and Recreation Director.....	Michael D. Burske
Police Chief.....	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, 2009

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, 2009. 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, 2009

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, appearing to read "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 25, 2011

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, 2010, 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, 2010 and 2009, 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, 2010, 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, 2010 and 2009, 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, 2010 and 2009, 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 25, 2011 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, 2010**

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, 2010. 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 \$40,817,738 (net assets). Of this amount, \$5,514,331 (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 \$1,830,433, of which \$694,449 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 \$7,442,779, an increase of \$1,348,022 in comparison with the prior year. Of this amount, \$4,307,215 or 58% is unreserved and available for use within the Town's fund designation and fiscal policies.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund was \$4,307,215, an increase of \$946,273 in comparison with the prior year. This represents 37% of total General Fund expenditures.
- The Town's total debt increased by \$2,548,745 during the current fiscal year. The increase was due to the issuance of the Capital Improvement Revenue Note, Series 2009 for \$3,400,000 from SunTrust Bank for the construction of the new library less scheduled debt service payments on the new and outstanding debt issues.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and

**TOWN OF LADY LAKE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010**

3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the 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

**TOWN OF LADY LAKE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010**

year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

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

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

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

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

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

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

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

**TOWN OF LADY LAKE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010**

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

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

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

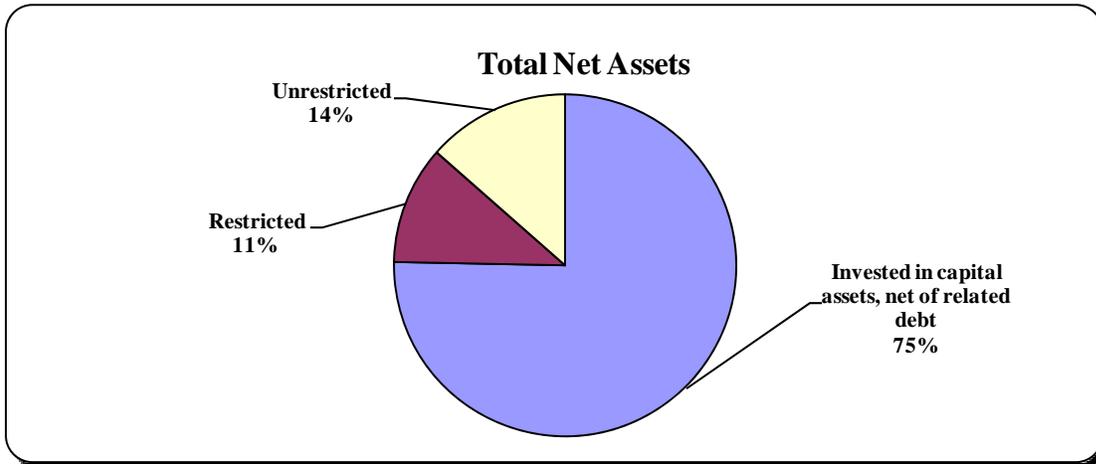
GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of net assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$40,817,738 as of September 30, 2010. 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>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 8,997,997	\$ 6,609,021	\$ 4,262,071	\$ 4,254,374	\$ 13,260,068	\$ 10,863,395
Capital assets	13,092,565	10,623,113	22,742,464	22,741,052	35,835,029	33,364,165
Total Assets	<u>22,090,562</u>	<u>17,232,134</u>	<u>27,004,535</u>	<u>26,995,426</u>	<u>49,095,097</u>	<u>44,227,560</u>
Current and other liabilities	925,218	463,012	577,344	582,626	1,502,562	1,045,638
Long-term liabilities outstanding	<u>3,802,076</u>	<u>541,838</u>	<u>2,972,721</u>	<u>3,652,779</u>	<u>6,774,797</u>	<u>4,194,617</u>
Total Liabilities	<u>4,727,294</u>	<u>1,004,850</u>	<u>3,550,065</u>	<u>4,235,405</u>	<u>8,277,359</u>	<u>5,240,255</u>
Net Assets:						
Invested in capital assets, net of related debt	9,603,282	10,365,935	21,138,522	20,404,754	30,741,804	30,770,689
Restricted	3,458,434	2,533,624	1,103,169	1,301,486	4,561,603	3,835,110
Unrestricted	4,301,552	3,327,725	1,212,779	1,053,781	5,514,331	4,381,506
Total Net Assets	<u>\$ 17,363,268</u>	<u>\$ 16,227,284</u>	<u>\$ 23,454,470</u>	<u>\$ 22,760,021</u>	<u>\$ 40,817,738</u>	<u>\$ 38,987,305</u>

**TOWN OF LADY LAKE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010**



The largest portion of the Town's net assets (\$30,741,804 or 75%) 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 (\$4,561,603 or 11%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$5,514,331 or 14%) may be used to meet the government's ongoing obligations to citizens and creditors.

As of September 30, 2010, 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 \$924,810 in the restricted net assets reported in connection with the Town's governmental activities. The major portion of this increase (\$881,816) was made up of loan proceeds and revenue restricted for use on construction of the new library.

The business-type activities had an increase of \$694,449 or 3% in total net assets compared to the prior year. The invested in capital assets, net of related debt, increased by \$733,768 or 4% largely due to developer contributions (\$487,804) of water and sewer infrastructure. The restricted net assets decreased by \$198,317 or 15% 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, 2010**

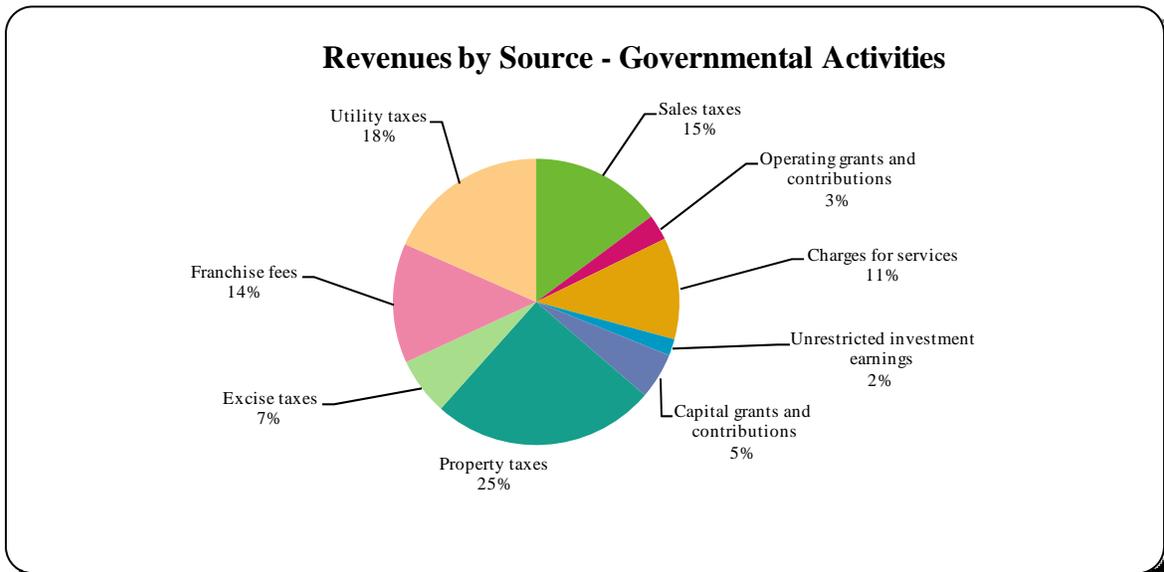
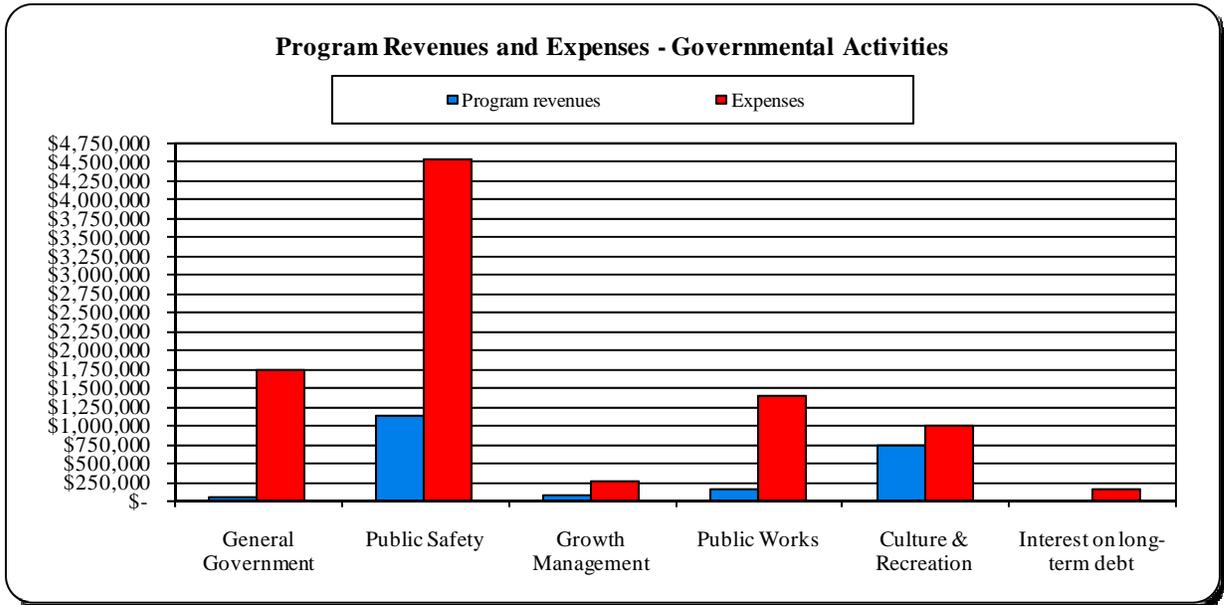
Statement of activities. As noted earlier, the statement of activities presents information showing how the Town's net assets changed during the current year. The following table reflects the condensed statement of activities for the current fiscal year as compared to the prior fiscal year.

TOWN OF LADY LAKE'S CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 1,232,220	\$ 1,347,968	\$ 1,925,337	\$ 1,914,705	\$ 3,157,557	\$ 3,262,673
Operating grants and contributions	313,310	279,589	-	-	313,310	279,589
Capital grants and contributions	559,587	148,211	836,819	1,361,733	1,396,406	1,509,944
General revenues:						
Property taxes	2,717,691	2,581,571	-	-	2,717,691	2,581,571
Sales taxes	1,591,571	1,569,576	-	-	1,591,571	1,569,576
Franchise fees	1,449,685	1,298,195	-	-	1,449,685	1,298,195
Utility taxes	1,976,462	1,791,745	-	-	1,976,462	1,791,745
Excise taxes	699,282	697,758	-	-	699,282	697,758
Unrestricted investment earnings	202,738	329,145	63,324	(41,955)	266,062	287,190
Total Revenues	10,742,546	10,043,758	2,825,480	3,234,483	13,568,026	13,278,241
Expenses:						
General Government	1,717,836	1,933,144	-	-	1,717,836	1,933,144
Public Safety	4,521,168	4,515,835	-	-	4,521,168	4,515,835
Growth Management	246,849	267,442	-	-	246,849	267,442
Public Works	1,380,692	1,509,663	-	-	1,380,692	1,509,663
Culture and Recreation	1,000,149	999,196	-	-	1,000,149	999,196
Interest on long-term det	133,743	11,916	-	-	133,743	11,916
Utility Services	-	-	2,737,156	2,672,132	2,737,156	2,672,132
Total Expenses	9,000,437	9,237,196	2,737,156	2,672,132	11,737,593	11,909,328
Change in net assets before transfers	1,742,109	806,562	88,324	562,351	1,830,433	1,368,913
Transfers	(606,125)	(606,095)	606,125	606,095	-	-
Change in net assets	1,135,984	200,467	694,449	1,168,446	1,830,433	1,368,913
Net Assets - 10/1/2009	16,227,284	16,026,817	22,760,021	21,591,575	38,987,305	37,618,392
Net Assets - 9/30/2010	\$ 17,363,268	\$ 16,227,284	\$ 23,454,470	\$ 22,760,021	\$ 40,817,738	\$ 38,987,305

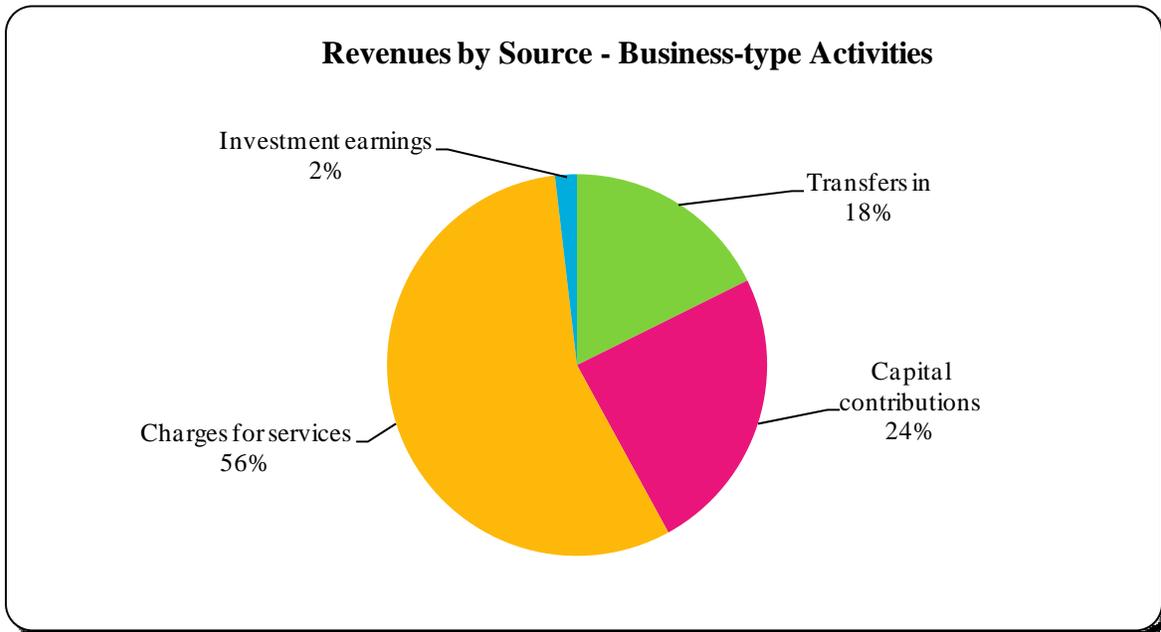
**TOWN OF LADY LAKE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010**

Governmental activities. Governmental activities increased the Town's net assets by \$1,135,984. A portion of this (\$114,970) was the collection of the one cent sales surtax revenue that was not spent and the remainder was excess revenues collected over estimates and expenditures reduced due to the loss of personnel that were not replaced.



**TOWN OF LADY LAKE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010**

Business-type activities. Business-type activities increased the Town's net assets by \$694,449. The increase is due primarily to the increase in capital assets as a result of developer contributions of water and sewer infrastructure of \$487,804 and collection of water, sewer and reuse impact fees of \$349,015. The percentage breakdown of the business-type activities revenues can be seen below. The transfers in increased by 2%, investment earnings increased by 2%, charges for services increased by 7%, and capital contributions decreased by 11% compared to 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 2010, the Town's governmental funds reported combined ending fund balances of \$7,442,779, an increase of \$1,348,022 in comparison with the prior year. Approximately 58% of this total amount (\$4,307,215) 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 (\$119,314), 2) to provide for building inspections (\$29,265), 3) police training and equipment

**TOWN OF LADY LAKE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010**

(\$56,908), 4) education (\$1,590,846), 5) Recreation and Library Capital Improvements (\$349,996), 6) real property resale assets (\$97,846), and 7) infrastructure (\$891,389).

The General Fund is the primary operating fund of the Town. As of the end of fiscal year 2010, the fund balance of the General Fund was \$6,551,390, of which \$2,244,175 was reserved. The fund balance increased by \$1,233,052 of which \$946,273 increased the unreserved and \$286,779 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 37% 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 \$891,389 at the end of the fiscal year, an increase of \$114,970 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 2010, the Town's Utility Fund reported unrestricted net assets of \$1,212,779, an increase of \$158,998 from the prior year. Factors concerning the finances of the Utility Fund have already been addressed in the discussion of the Town's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town made revisions to the original appropriations approved by the Town Commission. These changes resulted in an increase to the appropriations of approximately 17% or \$1,718,418. The major portion of this increase was due to the appropriation of funds from the \$3,400,000 loan received in November 2009 for the Lady Lake Library expansion project.

The fiscal year 2010 General Fund amended budget was estimated to have \$825,000 of excess revenues over expenditures. Approximately 50% of this excess is due to additional utility taxes, franchise fees and growth management fees collected over original estimates and the other 50% is due to a reduction in expenditures from personnel leaving the Town's employment and the positions not filled. Overall for the year, expenditures exceeded revenues by \$2,468,999 when the other financing sources of \$3,702,051 are not considered.

CAPITAL ASSETS

The Town's investment in capital assets for its governmental and business-type activities as of September 30, 2010, amounts to \$35,835,029 (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

**TOWN OF LADY LAKE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010**

the Town's investment in capital assets for the current fiscal year was 7% (a 23% increase for governmental activities and no increase for business-type activities).

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

Governmental funds:

- Construction and other costs associated with the Lady Lake Library expansion \$3,051,868 (Construction is expected to be completed in April 2011)
- Architectural services for the Lady Lake Library expansion \$35,000
- Fencing at Rolling Acres Sports Complex \$9,826
- 31-Tasers for the Police Department \$29,655
- Data storage area network for the Police Department \$12,676
- 61" Grasshopper mower for the Public Works Department \$15,030
- 28-Computers for the new Library \$52,032
- 12-Folding tables and table truck for the new Library \$8,912

Business-type funds:

- CR466 water and reuse line utility project costs \$313,052 (Total cost \$594,303 and completed March 2010)
- Citrus Lane water line upsizing from 2" to 8" line \$72,097
- Extension of water line from Caroline Ave. to Spencers Lane \$38,195
- Extension of sewer line from Caroline Ave. to Spencers Lane \$25,463
- Extension of sewer line to Cichiolo property \$8,788
- Supervisory Control And Data Acquisition (SCADA) system (Phase II) installation and equipment for the Sewer Department \$51,766

TOWN OF LADY LAKE'S CAPITAL ASSETS

(net of depreciation)

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 1,660,349	\$ 1,660,349	\$ 509,453	\$ 509,453	\$ 2,169,802	\$ 2,169,802
Buildings	4,333,085	4,544,449	259,703	271,472	4,592,788	4,815,921
Utility systems		-	21,437,358	21,067,644	21,437,358	21,067,644
Improvements other than buildings	1,119,038	1,183,468	-	-	1,119,038	1,183,468
Furniture and equipmer	928,997	1,212,187	534,292	611,233	1,463,289	1,823,420
Infrastructure	1,209,056	1,267,581	-	-	1,209,056	1,267,581
Construction in Progress	3,842,040	755,079	1,658	281,250	3,843,698	1,036,329
Total Capital Assets	<u>\$13,092,565</u>	<u>\$10,623,113</u>	<u>\$22,742,464</u>	<u>\$22,741,052</u>	<u>\$35,835,029</u>	<u>\$33,364,165</u>

**TOWN OF LADY LAKE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010**

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 2010, the Town had total long-term debt outstanding of \$6,774,797. Of this amount, \$127,089 represents the balance of capital lease agreements for police vehicles, \$3,362,194 is the balance of the Library expansion borrowing secured by the one cent sales surtax revenue, \$2,749,435 is utility debt secured by the one cent sales surtax revenue, and \$198,626 is debt secured by water and sewer utility system revenues. The balance of \$337,453 represents amounts due for compensated absences.

The Town's total debt increased by \$2,548,745 for fiscal year 2010 due to the new Library loan net of normal principal debt service payments on the new and existing debt.

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.

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 decreased 4% in tax year 2010 as compared to an increase of .5% in tax year 2009. This decrease in taxable value was due to 5.67% of reduced taxable values due to market conditions and Amendment 1 provisions which was partially offset by 1.36% of new construction

**TOWN OF LADY LAKE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010**

taxable values. Despite this reduction in taxable value which reduced ad valorem tax revenue, the Town Commission set the millage rate at 3.2808 mills for fiscal year 2011 which was the same rate as fiscal year 2010.

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

Effective October 1, 2010, the water and reuse rates were increased by 2.6%, which was the increase in CPI-U from January 2009 to January 2010.

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, 2010

<u>ASSETS</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
Cash and Equivalents	\$ 3,379,503	\$ 884,825	\$ 4,264,328
Investments	4,651,292	147,135	4,798,427
Receivables (net of allowance for uncollectibles)	267,613	221,495	489,108
Due from Other Governments	332,468	-	332,468
Internal Balances	2,732	(2,732)	-
Assets Held for Resale	97,846	-	97,846
Inventory and Prepaid Items	119,314	51,086	170,400
Restricted Cash	-	1,570,026	1,570,026
Deferred Charges	-	120,955	120,955
Sewer Capacity Reservation Agreement (net of accumulated amortization)	-	1,269,281	1,269,281
Capital Assets (net of accumulated depreciation):			
Land	1,660,349	509,453	2,169,802
Buildings and Utility Systems	4,333,085	21,697,061	26,030,146
Improvements Other Than Buildings	1,119,038	-	1,119,038
Equipment	928,997	534,292	1,463,289
Infrastructure	1,209,056	-	1,209,056
Construction in Progress	3,842,040	1,658	3,843,698
Net Pension Obligation	147,229	-	147,229
Total Assets	22,090,562	27,004,535	49,095,097
<u>LIABILITIES</u>			
Accounts Payable	574,287	32,936	607,223
Accrued Liabilities	215,639	36,882	252,521
Accrued Interest Payable	16,521	10,387	26,908
Customer Deposits	-	465,382	465,382
Due to Other Governments	70,330	-	70,330
Unearned Revenue	48,441	31,757	80,198
Noncurrent Liabilities:			
Due within one year	211,698	733,478	945,176
Due in more than one year	3,590,378	2,239,243	5,829,621
Total Liabilities	4,727,294	3,550,065	8,277,359
<u>NET ASSETS</u>			
Invested in Capital Assets, net of related debt	9,603,282	21,138,522	30,741,804
Restricted for:			
Capital Improvements	1,781,385	1,039,979	2,821,364
Debt Service	-	63,190	63,190
Police	56,908	-	56,908
Building Inspections	29,295	-	29,295
Education	1,590,846	-	1,590,846
Unrestricted	4,301,552	1,212,779	5,514,331
Total Net Assets	\$ 17,363,268	\$ 23,454,470	\$ 40,817,738

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, 2010**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental Activities:				
General Government	\$ 1,717,836	\$ 19,975	\$ 20,777	\$ 3,000
Public Safety	4,521,168	1,113,352	6,935	13,864
Growth Management	246,849	56,217	531	-
Public Works	1,380,692	13,466	138,903	-
Culture and Recreation	1,000,149	29,210	146,164	542,723
Interest on Long-term Debt	133,743	-	-	-
Total Governmental Activities	9,000,437	1,232,220	313,310	559,587
Business-Type Activities				
Water	1,134,744	955,189	-	322,723
Sewer	1,289,583	629,730	-	514,096
Garbage	312,829	340,418	-	-
Total Business-Type Activities	2,737,156	1,925,337	-	836,819
Total	\$ 11,737,593	\$ 3,157,557	\$ 313,310	\$ 1,396,406

General Revenues:

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

Total General Revenues and Transfers

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

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

NET (EXPENSE) REVENUE AND
CHANGES IN NET ASSETS

<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
\$ (1,674,084)	\$ -	\$ (1,674,084)
(3,387,017)	-	(3,387,017)
(190,101)	-	(190,101)
(1,228,323)	-	(1,228,323)
(282,052)	-	(282,052)
(133,743)	-	(133,743)
<u>(6,895,320)</u>	<u>-</u>	<u>(6,895,320)</u>
-	143,168	143,168
-	(145,757)	(145,757)
-	27,589	27,589
<u>-</u>	<u>25,000</u>	<u>25,000</u>
<u>(6,895,320)</u>	<u>25,000</u>	<u>(6,870,320)</u>
2,717,691	-	2,717,691
1,591,571	-	1,591,571
1,449,685	-	1,449,685
1,976,462	-	1,976,462
699,282	-	699,282
202,738	63,324	266,062
(606,125)	606,125	-
<u>8,031,304</u>	<u>669,449</u>	<u>8,700,753</u>
1,135,984	694,449	1,830,433
<u>16,227,284</u>	<u>22,760,021</u>	<u>38,987,305</u>
<u>\$ 17,363,268</u>	<u>\$ 23,454,470</u>	<u>\$ 40,817,738</u>

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**TOWN OF LADY LAKE, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010**

<u>ASSETS</u>	<u>GENERAL</u>	<u>SALES TAX REVENUE</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Cash and Equivalents	\$ 2,559,520	\$ 819,983	\$ 3,379,503
Investments	4,651,292	-	4,651,292
Accounts Receivable (net of allowance for uncollectibles)	264,948	-	264,948
Due from Other Funds	2,732	-	2,732
Special Assessments Receivable	2,665	-	2,665
Due from Other Governments	234,385	98,083	332,468
Real Property Held for Resale	97,846	-	97,846
Prepaid Items	119,314	-	119,314
 Total Assets	 <u>\$ 7,932,702</u>	 <u>\$ 918,066</u>	 <u>\$ 8,850,768</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES:			
Accounts Payable	\$ 574,287	\$ -	\$ 574,287
Accrued Liabilities	215,639	-	215,639
Due to Other Governments	280	-	280
Deferred Revenue	542,665	26,677	569,342
Unearned Revenue	48,441	-	48,441
 Total Liabilities	 <u>1,381,312</u>	 <u>26,677</u>	 <u>1,407,989</u>
FUND BALANCES:			
Reserved for:			
Prepays/Resale Assets	217,160	-	217,160
Police	56,908	-	56,908
Building Inspections	29,265	-	29,265
Education	1,590,846	-	1,590,846
Infrastructure/Capital Improvements	349,996	891,389	1,241,385
Unreserved	4,307,215	-	4,307,215
 Total Fund Balances	 <u>6,551,390</u>	 <u>891,389</u>	 <u>7,442,779</u>
 Total Liabilities and Fund Balances	 <u>\$ 7,932,702</u>	 <u>\$ 918,066</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 \$19,604,234 less accumulated depreciation of \$6,511,669. 13,092,565

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 569,342

Net pension obligation is not an available financial resource and, therefore, is not reported as an asset in the funds. 147,229

Long-term liabilities are not due and payable in the current-period and, accordingly, are not reported in the governmental funds. Long term liabilities consist of bank loans \$3,362,194, capital leases \$127,089, accrued interest \$16,521, amounts due other governments \$70,050, and compensated absences \$312,793. (3,888,647)

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 17,363,268

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, 2010

	<u>GENERAL</u>	<u>SALES TAX REVENUE</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES:			
Taxes	\$ 6,384,422	\$ 997,730	\$ 7,382,152
Licenses and Permits	294,920	-	294,920
Intergovernmental	1,304,226	-	1,304,226
Charges for Services	172,804	-	172,804
Fines and Forfeitures	67,747	-	67,747
Miscellaneous	930,209	422	930,631
 Total Revenues	 <u>9,154,328</u>	 <u>998,152</u>	 <u>10,152,480</u>
EXPENDITURES:			
Current:			
General Government	1,594,694	-	1,594,694
Public Safety	4,272,207	-	4,272,207
Growth Management	236,642	-	236,642
Public Works	1,242,664	-	1,242,664
Culture and Recreation	895,223	-	895,223
Capital Outlay	3,086,961	-	3,086,961
Debt Service:			
Principal	167,895	-	167,895
Interest	127,041	-	127,041
 Total Expenditures	 <u>11,623,327</u>	 <u>-</u>	 <u>11,623,327</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>(2,468,999)</u>	 <u>998,152</u>	 <u>(1,470,847)</u>
OTHER FINANCING SOURCES (USES):			
Loan Proceeds	3,400,000	-	3,400,000
Transfers In	277,057	-	277,057
Transfers Out	-	(883,182)	(883,182)
Sale of Capital Assets	24,994	-	24,994
 Total Other Financing Sources (Uses)	 <u>3,702,051</u>	 <u>(883,182)</u>	 <u>2,818,869</u>
 Net Change in Fund Balances	 1,233,052	 114,970	 1,348,022
Fund Balance, Beginning of Year	<u>5,318,338</u>	<u>776,419</u>	<u>6,094,757</u>
Fund Balance, End of Year	<u>\$ 6,551,390</u>	<u>\$ 891,389</u>	<u>\$ 7,442,779</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, 2010**

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

Net Change in Fund Balances - Total Governmental Funds	\$ 1,348,022
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, \$3,250,339 exceeded depreciation, \$771,145 in the current period.	2,479,194
The net effect of various sales and other dispositions of capital assets is to decrease net assets.	(9,742)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. Infrastructure surtaxes, \$3,880. Communications Services Tax \$45,317. County grants \$540,000	589,197
Street assessments from prior years that were collected during the current year are reported as revenues in the governmental funds, but are not included in the Statement of Activities.	(319)
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.	(6,702)
The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net assets. Bank loan financing recorded this year.	(3,400,000)
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.	167,895
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.	(28,133)
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.	(3,428)
Change in Net Assets of Governmental Activities	<u>\$ 1,135,984</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, 2010

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Taxes	\$ 5,940,952	\$ 6,338,448	\$ 6,384,422	\$ 45,974
Licenses and Permits	226,062	294,846	294,920	74
Intergovernmental	2,172,091	1,298,238	1,304,226	5,988
Charges for Services	158,000	172,140	172,804	664
Fines and Forfeitures	96,000	67,650	67,747	97
Miscellaneous	919,950	899,894	930,209	30,315
Total Revenues	9,513,055	9,071,216	9,154,328	83,112
EXPENDITURES:				
Current:				
General Government	1,736,861	1,614,383	1,594,694	19,689
Public Safety	4,463,687	4,287,282	4,272,207	15,075
Growth Management	277,037	238,031	236,642	1,389
Public Works	1,260,586	1,265,431	1,242,664	22,767
Culture and Recreation	817,687	827,811	895,223	(67,412)
Capital Outlay	950,000	3,158,143	3,086,961	71,182
Debt Service	461,741	294,936	294,936	-
Total Expenditures	9,967,599	11,686,017	11,623,327	62,690
Deficiency of Revenues Under Expenditures	(454,544)	(2,614,801)	(2,468,999)	145,802
OTHER FINANCING SOURCES:				
Loan Proceeds	-	3,400,000	3,400,000	-
Transfers In	443,875	277,057	277,057	-
Sale of Capital Assets	-	24,970	24,994	24
Total Other Financing Sources	443,875	3,702,027	3,702,051	24
Net Change in Fund Balance	(10,669)	1,087,226	1,233,052	145,826
Fund Balance, Beginning of Year	5,318,338	5,318,338	5,318,338	-
Fund Balance, End of Year	\$ 5,307,669	\$ 6,405,564	\$ 6,551,390	\$ 145,826

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, 2010**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:				
Taxes	\$ 1,050,000	\$ 997,000	\$ 997,730	\$ 730
Miscellaneous	-	400	422	22
Total Revenues	<u>1,050,000</u>	<u>997,400</u>	<u>998,152</u>	<u>752</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	(1,050,000)	(883,182)	(883,182)	-
Total Other Financing Sources (Uses)	<u>(1,050,000)</u>	<u>(883,182)</u>	<u>(883,182)</u>	<u>-</u>
Net Change in Fund Balance	-	114,218	114,970	752
Fund Balance, Beginning of Year	<u>776,419</u>	<u>776,419</u>	<u>776,419</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 776,419</u>	<u>\$ 890,637</u>	<u>\$ 891,389</u>	<u>\$ 752</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, 2010

<u>ASSETS</u>	<u>UTILITY FUND</u>
CURRENT ASSETS:	
Cash	\$ 884,825
Investments	147,135
Restricted Cash:	
State Revolving Fund Loan Reserves	41,849
Customer Deposits	465,382
Customer Receivables, net of allowance for uncollectibles	221,495
Inventory	50,086
Prepaid Items	1,000
	<hr/>
Total Current Assets	1,811,772
NONCURRENT ASSETS:	
Restricted Cash:	
State Revolving Fund Loan Reserves	22,816
Capital Improvements	1,039,979
	<hr/>
Total Restricted Cash	1,062,795
	<hr/>
Deferred Engineering Costs	75,365
	<hr/>
Loan Costs	45,590
	<hr/>
Sewer Capacity Reservation Agreement, net of accumulated amortization	1,269,281
	<hr/>
Capital Assets:	
Land	509,453
Buildings	346,587
Utility Systems	26,227,708
Equipment	1,489,134
Construction in Progress	1,658
	<hr/>
	28,574,540
Less Accumulated Depreciation	5,832,076
	<hr/>
Net Capital Assets	22,742,464
	<hr/>
Total Noncurrent Assets	25,195,495
	<hr/>
Total Assets	27,007,267
	<hr/>

TOWN OF LADY LAKE, FLORIDA
STATEMENT OF NET ASSETS (Continued)
PROPRIETARY FUND
SEPTEMBER 30, 2010

<u>LIABILITIES</u>	<u>UTILITY FUND</u>
CURRENT LIABILITIES:	
Accounts Payable	\$ 32,936
Accrued Expenses	36,882
Compensated Absences	23,017
Due to Other Funds	2,732
Accrued Interest Payable	10,387
Customer Deposits	465,382
Loans Payable - Current	<u>710,461</u>
Total Current Liabilities	<u>1,281,797</u>
NONCURRENT LIABILITIES:	
Compensated Absences	1,643
Unearned Revenue	31,757
State Revolving Fund Loan	121,248
SunTrust Loan	<u>2,116,352</u>
Total Noncurrent Liabilities	<u>2,271,000</u>
Total Liabilities	<u>3,552,797</u>
 <u>NET ASSETS</u> 	
Invested in Capital Assets, net of related debt	21,138,522
Restricted for Capital Improvements	1,039,979
Restricted for Debt Service	63,190
Unrestricted	<u>1,212,779</u>
Total Net Assets	<u><u>\$23,454,470</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, 2010**

	UTILITY FUND
OPERATING REVENUES:	
Water Sales	\$ 891,211
Sewer Revenue	529,602
Reuse Water Sales	81,776
Connection Fees	37,350
Garbage Revenue	340,418
Late Fees and Other Revenue	44,980
	<u>1,925,337</u>
OPERATING EXPENSES:	
Personal Services	552,663
Garbage Contract Services	312,829
Other Operating Expenses	676,312
Depreciation and Amortization	1,048,372
	<u>2,590,176</u>
Net Operating Loss	<u>(664,839)</u>
NONOPERATING REVENUES (EXPENSES):	
Interest Revenue	2,997
Increase in Fair Value of Investments	60,327
Debt Issuance Costs	(19,048)
Interest Expense	(127,932)
	<u>(83,656)</u>
Loss Before Contributions and Transfers	(748,495)
CAPITAL CONTRIBUTIONS:	
Water, Sewer, and Reuse Impact Fees	349,015
Developers	487,804
TRANSFERS IN	730,125
TRANSFERS OUT	(124,000)
	<u>694,449</u>
Change in Net Assets	694,449
Total Net Assets, Beginning of Year	<u>22,760,021</u>
Total Net Assets, End of Year	<u>\$ 23,454,470</u>

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, 2010

	<u>UTILITY FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 1,959,360
Cash Payments to Employees for Services	(536,294)
Cash Payments to Suppliers for Goods and Services	<u>(954,315)</u>
Net Cash Provided by Operating Activities	<u>468,751</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	730,125
Capital Contributions	349,015
Interest Paid on Capital Debt	(130,460)
Principal Repayments on Capital Debt	(683,360)
Acquisition and Construction of Capital Assets	<u>(610,976)</u>
Net Cash Used In Capital and Related Financing Activities	<u>(345,656)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Sale of Investments	60,923
Interest Received	<u>2,997</u>
Net Cash Provided by Investing Activities	<u>63,920</u>
NET INCREASE IN CASH	63,015
Cash at Beginning of Year	<u>2,391,836</u>
Cash at End of Year	<u><u>\$ 2,454,851</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, 2010

	<u>UTILITY FUND</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Loss	<u>\$ (664,839)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and Amortization	1,048,372
Increase in Customer Receivables	(19,687)
Decrease in Due from Other Governments	171
Decrease in Inventory	14,067
Decrease in Prepaid Items	160
Increase in Accounts Payable	20,191
Increase in Due to Other Funds	408
Increase in Accrued Expenses	13,067
Increase in Compensated Absences	3,302
Increase in Customer Deposits	<u>53,539</u>
 Total Adjustments	 <u>1,133,590</u>
 Net Cash Provided by Operating Activities	 <u><u>\$ 468,751</u></u>
 NONCASH CAPITAL ACTIVITIES:	
Utility system construction on account	\$ (89,551)
Developer utility system contributions	487,804
 NONCASH INVESTING ACTIVITIES:	
Increase in Fair Value of Investments	60,327

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, 2010

<u>ASSETS</u>	<u>PENSION TRUST FUNDS</u>
Investments with Trustees:	
Cash Management Funds	\$ 547,833
Corporate Equities	2,901,638
Corporate and Foreign Bonds	882,020
U S Government Securities	<u>55,150</u>
 Total Assets	 <u>4,386,641</u>
 <u>LIABILITIES</u>	
 Accounts Payable	 <u>11,030</u>
 <u>NET ASSETS</u>	
 Held in Trust for Officers' Contributions	430,462
Held in Trust for Town's Contributions	1,340,419
Held in Trust for Pension Benefits	<u>2,604,730</u>
 Total Net Assets	 <u><u>\$ 4,375,611</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, 2010

	<u>PENSION TRUST FUNDS</u>
<u>ADDITIONS</u>	
Contributions:	
Town	\$ 347,003
Employees	77,488
State of Florida	<u>89,527</u>
Total Contributions	<u>514,018</u>
Investment Income:	
Net Appreciation in Fair Value of Investments	263,043
Dividend Income	39,048
Interest Income	<u>45,363</u>
Total Investment Income	347,454
Less Investment Expense	<u>(34,932)</u>
Net Investment Income	<u>312,522</u>
Total Additions	<u>826,540</u>
<u>DEDUCTIONS</u>	
Retirement Benefits	72,760
Refunds of Contributions	16,594
Administration Expense	<u>15,893</u>
Total Deductions	<u>105,247</u>
CHANGE IN NET ASSETS	721,293
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:	
Beginning of Year	<u>3,654,318</u>
End of Year	<u><u>\$ 4,375,611</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, 2010

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, 2010

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, 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in conjunction with a proprietary fund's principal ongoing operations. Principal operating revenues of the Town's Utility Fund are charges for providing water, sewer and garbage services. Reuse water sales are included with sewer services. Operating expenses include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Cash and Investments

For purposes of the statements of cash flows, cash includes amounts in bank demand deposits, both interest-bearing and noninterest-bearing, bank money market investments, and funds on deposit with the State Board of Administration Local Government Surplus Funds Trust Fund investment pool bearing interest at 0.32% as of September 30, 2010. 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, 2010, shares in the Fund B pool are stated net of a fair value factor of 0.707058.

TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

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, 2010.

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, 2010

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, 2010

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, 2010, the carrying amount of the Town's cash deposits, including funds in bank money market investments, was \$5,834,354. The actual bank balances at September 30, 2010 totaled \$5,944,477, 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, 2010

NOTE 3 CASH DEPOSITS AND INVESTMENTS (continued)

Investments

The Town's investments at September 30, 2010 are categorized below.

	<u>Fair Value</u>
General Fund Investments:	
1-3 Year Mutual Bond Fund	\$ 1,886,811
Intermediate Mutual Bond Fund	2,764,481
Utility Fund Investments:	
State Board Fund B Pool	147,135
Pension Trust Fund Investments:	
Money Market Funds	547,833
Corporate Equities	2,901,638
Corporate Bonds	882,020
US Government Securities	55,150
	<u>\$9,185,068</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 1.50 years (1-3 year bond fund) and 3.10 years (intermediate bond fund). The Fund B Pool has a weighted average life of 8.05 years. The Town's investment policy does not specifically address interest rate risk.

NOTE 4 RECEIVABLES

Accounts receivable at September 30, 2010 are as follows:

	<u>General Fund</u>	<u>Utility Fund</u>
Customer Accounts Receivable	\$ -	\$ 165,026
Franchise and Utility Taxes	253,185	-
Other Receivables	11,763	-
Less Allowance for Uncollectibles	-	(25,290)
Net Receivables	\$ 264,948	\$ 139,736

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, 2010 was \$2,702.

TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2010 was as follows:

	September 30, 2009	Additions	Transfers/ Disposals	September 30, 2010
Governmental Activities:				
Land (not being depreciated)	\$ 1,660,349	\$ -	\$ -	\$ 1,660,349
Construction in Progress	755,079	3,086,961	-	3,842,040
	<u>2,415,428</u>	<u>3,086,961</u>	<u>-</u>	<u>5,502,389</u>
Capital assets being depreciated:				
Buildings	6,278,389	4,675	-	6,283,064
Improvements	1,875,376	9,826	-	1,885,202
Equipment	4,393,569	150,065	(90,502)	4,453,132
Infrastructure	1,480,447	-	-	1,480,447
	<u>14,027,781</u>	<u>164,566</u>	<u>(90,502)</u>	<u>14,101,845</u>
Less accumulated depreciation for:				
Buildings	(1,733,940)	(216,039)	-	(1,949,979)
Improvements	(691,908)	(74,256)	-	(766,164)
Equipment	(3,181,382)	(422,325)	79,572	(3,524,135)
Infrastructure	(212,866)	(58,525)	-	(271,391)
	<u>(5,820,096)</u>	<u>(771,145)</u>	<u>79,572</u>	<u>(6,511,669)</u>
Total Accumulated Depreciation	<u>(5,820,096)</u>	<u>(771,145)</u>	<u>79,572</u>	<u>(6,511,669)</u>
Total Being Depreciated, net	<u>8,207,685</u>	<u>(606,579)</u>	<u>(10,930)</u>	<u>7,590,176</u>
Governmental Activities Capital Assets, net	<u>\$ 10,623,113</u>	<u>\$ 2,480,382</u>	<u>\$ (10,930)</u>	<u>\$ 13,092,565</u>
Business-Type Activities:				
Land (not being depreciated)	\$ 509,453	\$ -	\$ -	\$ 509,453
Construction in Progress	281,250	323,499	(603,091)	1,658
	<u>790,703</u>	<u>323,499</u>	<u>(603,091)</u>	<u>511,111</u>
Capital assets being depreciated:				
Buildings	346,587	-	-	346,587
Utility Systems	25,003,291	621,326	603,091	26,227,708
Equipment	1,433,169	65,904	(9,939)	1,489,134
	<u>26,783,047</u>	<u>687,230</u>	<u>593,152</u>	<u>28,063,429</u>
Less accumulated depreciation for:				
Buildings	(75,115)	(11,769)	-	(86,884)
Utility Systems	(3,935,647)	(854,703)	-	(4,790,350)
Equipment	(821,936)	(142,845)	9,939	(954,842)
	<u>(4,832,698)</u>	<u>(1,009,317)</u>	<u>9,939</u>	<u>(5,832,076)</u>
Total Accumulated Depreciation	<u>(4,832,698)</u>	<u>(1,009,317)</u>	<u>9,939</u>	<u>(5,832,076)</u>
Total Being Depreciated, net	<u>21,950,349</u>	<u>(322,087)</u>	<u>603,091</u>	<u>22,231,353</u>
Business-Type Activities Capital Assets, net	<u>\$ 22,741,052</u>	<u>\$ 1,412</u>	<u>\$ -</u>	<u>\$ 22,742,464</u>

TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 5 CAPITAL ASSETS (continued)

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

Governmental Activities:	
General Government	\$ 133,765
Public Safety	299,955
Growth Management	9,069
Public Works	157,864
Culture and Recreation	<u>170,492</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 771,145</u>
Business-type Activities:	
Water	\$ 337,124
Sewer	672,193
Garbage	<u>-</u>
Total Depreciation Expense - Business-type Activities	<u>\$1,009,317</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, 2010 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, 2010

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, 2010, the total cost of sewer capacity reservations, which includes the 2004 purchases, was \$1,629,006. Amortization for the year ended September 30, 2010 totaled \$39,055. Accumulated amortization at September 30, 2010 was \$359,725, and the net book value was \$1,269,281.

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 final lease payment and purchased the vehicles at the end of the lease term for \$1 per vehicle on December 17, 2009.

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, 2010 were as follows.

	<u>Sun Trust</u>
Year ending September 30, 2011	\$ 67,372
Year ending September 30, 2012	67,373
Total minimum lease payments	134,745
Less amount representing interest	(7,656)
Present value of minimum lease payments	\$ 127,089

TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

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, 2010, interest totaling \$8,970 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, 2010 were as follows:

Loan Debt Service Account	\$ 41,849
Loan Reserve Account	<u>22,816</u>
 Total	 <u>\$ 64,665</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>
1/15/11	\$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>\$198,626</u>	<u>\$ 10,609</u>	<u>\$209,235</u>

TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 7 LONG-TERM DEBT (continued)

SunTrust Loans

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

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, 2010 totaled \$121,489. 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>
9/30/11	\$ 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
9/30/15	60,649	197	60,846
	<u>\$2,749,435</u>	<u>\$231,909</u>	<u>\$2,981,344</u>

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

Monthly payments of principal and interest (at 4.30%) of \$17,000 began January 1, 2010. The monthly payment increases to \$79,000 on October 1, 2014, and the note matures on March 1, 2018. Interest paid during the year totaled \$115,251. 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>
9/30/11	\$ 58,590	\$ 145,410	\$ 204,000
9/30/12	61,197	142,803	204,000
9/30/13	63,918	140,082	204,000
9/30/14	66,762	137,238	204,000
9/30/15	828,820	119,180	948,000
Thereafter	<u>2,282,907</u>	<u>133,068</u>	<u>2,415,975</u>
	<u>\$ 3,362,194</u>	<u>\$ 817,781</u>	<u>\$ 4,179,975</u>

TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 7 LONG-TERM DEBT (continued)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2010 was as follows:

	<u>Balances</u> 10/1/2009	<u>Additions</u>	<u>Principal</u> <u>Reductions</u>	<u>Balances</u> 9/30/2010	<u>Due within</u> <u>One Year</u>
Governmental Activities:					
SunTrust Loan	\$ -	\$ 3,400,000	\$ (37,806)	\$ 3,362,194	\$ 58,590
GMAC Capital Lease	70,178	-	(70,178)	-	-
SunTrust Capital Lease	187,000	-	(59,911)	127,089	62,302
Compensated Absences	<u>284,660</u>	<u>201,576</u>	<u>(173,443)</u>	<u>312,793</u>	<u>90,806</u>
Governmental Activity Long-Term Liabilities	<u>\$ 541,838</u>	<u>\$ 3,601,576</u>	<u>\$ (341,338)</u>	<u>\$ 3,802,076</u>	<u>\$ 211,698</u>
Business-type Activities:					
State Revolving Fund					
Loan	\$ 273,350	\$ -	\$ (74,724)	\$ 198,626	\$ 77,378
SunTrust Loan	3,358,071	-	(608,636)	2,749,435	633,083
Compensated Absences	<u>21,358</u>	<u>17,545</u>	<u>(14,243)</u>	<u>24,660</u>	<u>23,017</u>
Business-type Activity Long-term Liabilities	<u>\$ 3,652,779</u>	<u>\$ 17,545</u>	<u>\$ (697,603)</u>	<u>\$ 2,972,721</u>	<u>\$ 733,478</u>

NOTE 8 OTHER DISCLOSURES

- (1) There were no funds that had excess of expenditures over appropriations at the fund level for the year ended September 30, 2010.
- (2) Individual fund interfund receivable and payable balances at September 30, 2010:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 2,732	\$ -
Utility Fund	-	(2,732)

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

- (3) There were no deficit fund balances of individual funds at September 30, 2010.

TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 8 OTHER DISCLOSURES (continued)

(4) Reserved fund balances at September 30, 2010:

General Fund

Reserved for Prepays	\$ 119,314
Reserved for Assets Held for Resale	97,846
Reserved for Building Inspections	29,265
Reserved for Police Training and Equipment	53,419
Reserved for Police Officers' Trust	3,489
Reserved for Recreation Capital Improvements	7,005
Reserved for Library Capital Improvements	342,991
Reserved for Education	<u>1,590,846</u>
Total General Fund	<u>\$ 2,244,175</u>

Sales Tax Revenue Fund

Reserved for Infrastructure	<u>\$ 891,389</u>
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Pension Trust Funds

Reserved for Retirement Systems	<u>\$ 4,375,611</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, 2010 from the GAAP basis to the budget basis are as follows:

Utility Fund

Change in Net Assets, GAAP Basis	\$ 694,449
Increase due to depreciation	1,009,317
Decrease due to debt principal paid	(683,360)
Decrease due to equipment purchases	(65,904)
Decrease due to utility system construction	<u>(455,521)</u>
Excess of Revenues Over Expenses, Budget Basis	<u>\$ 498,981</u>

TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

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, 2010, 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, 2010, six 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, 2010, the Town collected \$89,527 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, 2010

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, 2010 was 19.6% from the Town and 5.0% from the Police Officers, for a total of 24.6% of covered payroll.

Funded Status and Funding Progress

The Funded status of the plan as of October 1, 2010 was as follows:

Actuarial accrued liability (AAL)	\$4,310,907
Actuarial value of plan assets	<u>3,810,890</u>
Unfunded actuarial accrued liability	<u>\$500,017</u>
Funded ratio (actuarial value of plan assets/AAL)	88.4%
Covered payroll (active plan members)	\$1,548,425
UAAL as a percentage of covered payroll	32.3%

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 (10/01/10) follows.

Actuarial cost method: Entry Age Normal
Amortization method: Level Percent of Pay, Closed
Remaining amortization period: 25 years
Asset valuation method: 4 Year Smoothed Market

TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

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>
9/30/10	\$ 217,655	98%	\$ (147,229)
9/30/09	190,732	102%	(150,657)
9/30/08	136,442	103%	(146,084)

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>9/30/2008</u>	<u>9/30/2009</u>	<u>9/30/2010</u>
Actuarially Determined Contribution	\$ 140,876	\$ 195,305	\$ 214,227
Interest on NPO	(11,332)	(11,687)	(12,053)
Adjustment to Actuarially Determined Contribution	<u>6,898</u>	<u>7,114</u>	<u>15,481</u>
Annual Pension Cost	136,442	190,732	217,655
Contributions Made	<u>140,876</u>	<u>195,305</u>	<u>214,227</u>
Increase in NPO	(4,434)	(4,573)	3,428
NPO, beginning of year	<u>(141,650)</u>	<u>(146,084)</u>	<u>(150,657)</u>
NPO, end of year	<u><u>\$ (146,084)</u></u>	<u><u>\$ (150,657)</u></u>	<u><u>\$ (147,229)</u></u>

TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

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. There is no separate, audited GAAP – basis postemployment benefit plan report available for this defined contribution pension plan. The Town Commission must authorize plan amendments to benefit provisions or the obligation to make contributions. This new plan replaced the multiple-employer, defined contribution pension plan that had been in place since December 28, 1992 when the Town created the General Employees Retirement Trust Fund.

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, 2010, the Town contributed \$132,776 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, 2010

NOTE 10 RETIREMENT COMMITMENTS (continued)

	Police Retirement Trust Fund	Employees Retirement Trust Fund	Total
STATEMENT OF FIDUCIARY NET ASSETS AS OF SEPTEMBER 30, 2010			
<u>Assets</u>			
Investments with Trustees:			
Cash Management Funds	\$ 327,629	\$ 220,204	\$ 547,833
Corporate Equities	2,328,385	573,253	2,901,638
Corporate and Foreign Bonds	856,797	25,223	882,020
U S Government Securities	55,150	-	55,150
<u>Liabilities</u>			
Accounts Payable	(11,030)	-	(11,030)
<u>Net Assets</u>			
Held in Trust for Pension Benefits	\$ 3,556,931	\$ 818,680	\$ 4,375,611

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

<u>Additions</u>			
Contributions			
Town	\$ 214,227	\$ 132,776	\$ 347,003
Employees	77,488	-	77,488
State of Florida	89,527	-	89,527
Total Contributions	381,242	132,776	514,018
Investment Income:			
Net Appreciation (Depreciation) in			
Fair Value of Investments	212,459	50,584	263,043
Dividend and Interest Income	84,411	-	84,411
Investment Expense	(34,932)	-	(34,932)
Net Investment Income	261,938	50,584	312,522
Total Additions	643,180	183,360	826,540
<u>Deductions</u>			
Retirement Benefits	31,725	41,035	72,760
Refunds of Contributions	16,594	-	16,594
Administrative Expense	15,677	216	15,893
Total Deductions	63,996	41,251	105,247
Change in Net Assets	579,184	142,109	721,293
<u>Net Assets</u>			
Beginning of Year	2,977,747	676,571	3,654,318
End of Year	\$ 3,556,931	\$ 818,680	\$ 4,375,611

TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 11 DEFINED CONTRIBUTION PENSION PLAN

The Town adopted a defined contribution pension plan effective June 30, 1999. The plan is a single-employer, money purchase plan administered for the Town by the ICMA Retirement Corporation, and is designed in accordance with Internal Revenue Code section 401. There is no separate, audited GAAP – basis postemployment benefit plan report available for this defined contribution pension plan. The Town Commission must authorize plan amendments to benefit provisions or the obligation to make contributions. Employees eligible for participation in the plan are certain senior Town executives, and as of September 30, 2010 there were six employees participating in the plan. The Town is required to contribute 7% of the participant's earnings to the plan for employees with up to 5 years of service, and 8% for employees with over 5 years service. Contributions and related investment earnings are credited to individual self-directed investment accounts, and the employee immediately becomes 100% vested in the account balances. Normal retirement is permitted when the participant attains age 55. During the year ended September 30, 2010, Town contributions to the plan totaled \$37,305.

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS

The Town does not provide its employees any postemployment benefits other than pensions. Florida Statutes require local governments which provide group insurance to its employees the option of continuing to participate in the group plan following retirement. The Town does not contribute to the premium cost for retired employees, so the entire cost must be paid by the retiree. At September 30, 2010, the Town had one retiree continuing to participate in its group insurance plan. This is the only retiree that has ever requested to continue on the group plan, and management does not anticipate a significant number of future retirees to request continued coverage. Therefore, no material other postemployment benefits liability is recognized or recorded.

NOTE 13 PROPERTY TAXES

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. State laws regulating tax assessment are also designed to assure a consistent property valuation method state wide. Florida Statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The millage rate assessed by the Town for taxes collected during the fiscal year ended September 30, 2010 was 3.2808. The millage rate assessed by the Town on taxable property to be levied on November 1, 2010 was 3.2808.

All property is reassessed according to its fair market value on January 1 of each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of Florida Statutes. The current year taxes for the fiscal year, beginning October 1, are billed in the month of November and are due no later than March 31. On April 1, all unpaid amounts become delinquent and are subject to interest and penalties. Discounts are allowed for early payment as follows:

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

TOWN OF LADY LAKE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

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, 2010, there were no significant reductions in coverages from the prior year. Insurance claim settlements have not exceeded coverages on any policies during the past three fiscal years.

NOTE 15 CONSTRUCTION COMMITMENTS

The Town has architectural design contracts with James P. Senatore for the new library building totaling \$672,735. Through September 30, 2010, Senatore had billed \$647,735 for these services.

On December 21, 2009, the Town entered into a \$4,038,198 contract with Heart Construction LLC for construction of the Town's new library. Through September 30, 2010, Heart had billed \$2,823,309 in construction progress billings.

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 \$70,050 at September 30, 2010.

**TOWN OF LADY LAKE, FLORIDA
POLICE RETIREMENT TRUST FUND
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2010**

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)
10/1/10	\$ 3,810,890	\$ 4,310,907	\$ 500,017	88%	\$ 1,548,425	32%
10/1/09	3,450,007	3,749,218	299,211	92%	1,548,174	19%
10/1/08	3,131,965	3,016,769	(115,196)	104%	1,407,115	-8%
10/1/07	2,713,559	2,635,150	(78,409)	103%	1,364,739	-6%
10/1/06	2,265,572	2,271,097	5,525	100%	1,085,128	1%
10/1/05	1,875,603	2,173,521	297,918	86%	950,747	31%
10/1/04	1,535,371	1,885,202	349,831	81%	989,667	35%
10/1/03	1,311,264	1,311,264	-	100%	892,469	0%
10/1/02	1,126,062	1,126,062	-	100%	682,192	0%
10/1/01	1,001,409	1,001,409	-	100%	702,850	0%
10/1/99	644,144	644,144	-	100%	464,839	0%
10/1/97	458,926	458,926	-	100%	450,604	0%
10/1/95	271,292	271,292	-	100%	334,190	0%
10/1/92	89,248	89,248	-	100%	283,334	0%

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER AND OTHERS

Year Ended September 30	Annual Required Contribution	Town (Employer) Contribution	State Contribution	Percentage Contributed
2010	\$ 303,754	\$ 214,227	\$ 89,527	100%
2009	293,212	195,305	97,907 *	100%
2008	238,783	140,876	97,907 *	100%
2007	207,179	123,615	97,907 *	107%
2006	195,217	129,416	65,801 *	100%
2005	198,874	133,073	65,801 *	100%

* "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, 2010 AND 2009**

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Cash and Equivalents	\$ 2,559,520	\$ 556,796
Investments	4,651,292	4,457,181
Accounts Receivable:		
Franchise and Utility Taxes	253,185	201,896
Other	11,763	7,515
Due from Utility Fund	2,732	2,324
Special Paving Assessments Receivable	2,665	2,984
Due from Other Governments:		
State of Florida	129,801	130,144
Lake County	104,584	100,117
Real Property Held for Resale	97,846	64,883
Prepaid Expenditures	119,314	135,308
	<u>\$ 7,932,702</u>	<u>\$ 5,659,148</u>
<u>LIABILITIES AND FUND BALANCE</u>		
LIABILITIES:		
Accounts Payable	\$ 433,121	\$ 65,848
Retainage Payable	141,166	-
Accrued Payroll and Related Liabilities	215,639	228,537
Due to State of Florida	280	203
Unearned and Deferred Revenue:		
County Library Grants	540,000	-
Business Taxes	48,441	43,238
Special Paving Assessments	2,665	2,984
	<u>1,381,312</u>	<u>340,810</u>
FUND BALANCE:		
Reserved for Prepaid Expenditures/Resale Assets	217,160	200,191
Reserved for Police Training/Equipment	53,419	49,851
Reserved for Police Trust Account	3,489	3,494
Reserved for Building Inspections	29,265	110,568
Reserved for Recreation and Library Capital Improvements	349,996	5,446
Reserved for Education	1,590,846	1,587,846
Unreserved:		
Undesignated	4,307,215	3,360,942
	<u>6,551,390</u>	<u>5,318,338</u>
Total Fund Balance	<u>6,551,390</u>	<u>5,318,338</u>
Total Liabilities and Fund Balance	<u>\$ 7,932,702</u>	<u>\$ 5,659,148</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, 2010

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

	2010		VARIANCE WITH FINAL BUDGET	2009 ACTUAL
	FINAL BUDGET	ACTUAL		
REVENUES:				
Taxes	\$ 6,338,448	\$ 6,384,422	\$ 45,974	\$ 6,028,737
Licenses and Permits	294,846	294,920	74	409,063
Intergovernmental	1,298,238	1,304,226	5,988	1,396,891
Charges for Services	172,140	172,804	664	163,865
Fines and Forfeitures	67,650	67,747	97	84,927
Miscellaneous	899,894	930,209	30,315	1,075,216
Total Revenues	9,071,216	9,154,328	83,112	9,158,699
EXPENDITURES:				
Current:				
General Government	1,614,383	1,594,694	19,689	1,815,854
Public Safety	4,287,282	4,272,207	15,075	4,605,430
Growth Management	238,031	236,642	1,389	257,645
Public Works	1,265,431	1,242,664	22,767	1,336,765
Culture and Recreation	827,811	895,223	(67,412)	866,044
Capital Outlay	3,158,143	3,086,961	71,182	445,688
Debt Service	294,936	294,936	-	138,494
Total Expenditures	11,686,017	11,623,327	62,690	9,465,920
Deficiency of Revenues Under Expenditures	(2,614,801)	(2,468,999)	145,802	(307,221)
OTHER FINANCING SOURCES:				
Loan Proceeds	3,400,000	3,400,000	-	-
Capital Lease	-	-	-	251,000
Transfer from Sales Tax Revenue Fund	153,057	153,057	-	-
Transfer from Utility Fund	124,000	124,000	-	124,000
Sale of Capital Assets	24,970	24,994	24	4,260
Total Other Financing Sources	3,702,027	3,702,051	24	379,260
Net Change in Fund Balance	1,087,226	1,233,052	145,826	72,039
Fund Balance, Beginning of Year	5,318,338	5,318,338	-	5,246,299
Fund Balance, End of Year	\$ 6,405,564	\$ 6,551,390	\$ 145,826	\$ 5,318,338

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, 2010

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

	2010		VARIANCE WITH FINAL BUDGET	2009 ACTUAL
	FINAL BUDGET	ACTUAL		
TAXES:				
Ad Valorem Taxes	\$ 2,717,691	\$ 2,717,691	\$ -	\$ 2,581,571
Local Option Gas Tax	140,000	138,912	(1,088)	132,919
Casualty Insurance Premium Tax	89,527	89,527	-	203,952
Franchise Fees:				
Electric	1,241,000	1,264,885	23,885	1,117,179
Gas	27,000	27,315	315	23,260
Garbage	158,000	157,485	(515)	157,756
Utility Taxes:				
Electric	914,000	935,571	21,571	756,640
Water	159,800	159,963	163	164,619
Gas	12,000	12,126	126	7,537
Communications Services Tax	822,000	823,485	1,485	829,973
Town Business Tax	57,430	57,462	32	53,331
Total Taxes	6,338,448	6,384,422	45,974	6,028,737
LICENSES AND PERMITS:				
Building Permits and Inspections	186,000	186,049	49	251,227
Building Plan Review Fees	42,910	42,912	2	75,987
Site Plan Review Fees	10,950	10,950	-	10,515
Comp Plan Amendment Fees	3,400	3,400	-	2,500
Annexation/Subdivision Fees	20,185	20,185	-	41,125
Zoning Fees	21,680	21,682	2	22,663
Other Licenses & Permits	9,721	9,742	21	5,046
Total Licenses and Permits	294,846	294,920	74	409,063
INTERGOVERNMENTAL:				
Federal Law Enforcement Grant	12,676	12,676	-	1,000
Federal B of J Grant	1,638	1,638	-	10,262
Federal CDBG Grants	97,935	97,935	-	90,900
Federal Tornado Grant	-	-	-	24,552
State Tornado Grant	-	-	-	4,092
State FRDAP Grant	-	-	-	33,903
County Law Enforcement Grant	5,297	5,297	-	3,700
State Revenue Sharing	334,857	334,857	-	335,286
Mobile Home Licenses	36,400	36,682	282	37,190
Alcohol Beverage Licenses	9,550	9,558	8	9,421
1/2 Cent Sales Tax	585,000	589,961	4,961	580,329
State Transportation Revenue	40,968	40,968	-	38,018
County Transportation Revenue	531	531	-	49,024
County Library Agreement	141,839	141,839	-	152,217
County Business Tax	14,547	14,547	-	9,635
County Gas Tax	17,000	17,737	737	17,362
Total Intergovernmental	1,298,238	1,304,226	5,988	1,396,891

TOWN OF LADY LAKE, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO BUDGET (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2010
With comparative actual amounts for the year ended September 30, 2009

	2010		VARIANCE WITH FINAL BUDGET	2009 ACTUAL
	FINAL BUDGET	ACTUAL		
CHARGES FOR SERVICES:				
Villages - Public Safety	\$ 100,000	\$ 100,000	\$ -	\$ 100,000
Police Services	46,450	46,674	224	50,557
Road and Street Revenue	13,470	13,466	(4)	-
Copies and Certifications	1,000	1,015	15	1,379
Town License Plates	-	10	10	3
Recreation Program Fees	3,000	3,159	159	2,960
Library Fees	8,220	8,480	260	8,966
Total Charges for Services	172,140	172,804	664	163,865
FINES AND FORFEITURES:				
Court Fines	33,000	32,466	(534)	48,172
Forfeitures	1,300	1,300	-	2,087
Animal Control Citations	350	350	-	980
Code Enforcement Fines	8,900	8,901	1	4,605
Police Education	3,600	3,626	26	4,430
Police Automation	15,000	15,493	493	19,821
Library Fines	5,500	5,611	111	4,832
Total Fines and Forfeitures	67,650	67,747	97	84,927
MISCELLANEOUS:				
Interest Earnings	8,169	8,205	36	8,826
Net Increase in Fair Value of Investments	170,000	194,111	24,111	317,167
Building/Park Rental Fees	11,790	11,960	170	9,220
Paving Assessments and Interest	320	319	(1)	29,488
Fire Assessments - Villages	674,793	674,793	-	650,010
Library Impact Fees	-	391	391	782
Recreation Impact Fees	-	2,332	2,332	4,664
Supplemental Education Fees	-	3,000	3,000	3,000
Contributions and Donations	24,131	24,131	-	14,451
Fuel Tax Refund	6,500	6,788	288	6,655
Insurance Claim Proceeds	971	971	-	6,725
Miscellaneous Revenues	3,220	3,208	(12)	24,228
Total Miscellaneous	899,894	930,209	30,315	1,075,216
Total Revenues	\$ 9,071,216	\$ 9,154,328	\$ 83,112	\$ 9,158,699

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, 2010
With comparative actual amounts for the year ended September 30, 2009

	2010		VARIANCE WITH FINAL BUDGET	2009 ACTUAL
	FINAL BUDGET	ACTUAL		
GENERAL GOVERNMENT:				
Town Commission:				
Personal Services	\$ 36,504	\$ 36,504	\$ -	\$ 39,209
Operating Expenses	7,350	6,843	507	4,812
Total Town Commission	43,854	43,347	507	44,021
Town Manager:				
Personal Services	162,790	162,748	42	230,173
Operating Expenses	6,685	6,516	169	11,208
Total Town Manager	169,475	169,264	211	241,381
Town Clerk:				
Personal Services	180,880	180,850	30	188,392
Operating Expenses	28,992	27,598	1,394	19,622
Election Expenses	100	92	8	3,818
Total Town Clerk	209,972	208,540	1,432	211,832
Finance Department:				
Personal Services	328,484	328,453	31	403,810
Operating Expenses	43,445	43,249	196	41,682
Total Finance Department	371,929	371,702	227	445,492
Human Resources/Risk Mgmt:				
Personal Services	115,229	115,195	34	200,425
Operating Expenses	9,820	9,448	372	15,428
Total Human Resources	125,049	124,643	406	215,853
Information Technology:				
Personal Services	66,873	66,858	15	-
Operating Expenses	5,330	4,916	414	-
Total Information Technology	72,203	71,774	429	-
Legal Counsel	127,000	124,662	2,338	126,112
Other General Government:				
Operating Expenses	263,710	251,839	11,871	274,393
Aid to Private Organizations	7,500	7,500	-	4,600
Capital Outlay	-	-	-	26,307
Total Other General Government	271,210	259,339	11,871	305,300

TOWN OF LADY LAKE, FLORIDA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2010
With comparative actual amounts for the year ended September 30, 2009

	2010		VARIANCE WITH FINAL BUDGET	2009 ACTUAL
	FINAL BUDGET	ACTUAL		
GENERAL GOVERNMENT (continued):				
Facilities Maintenance:				
Personal Services	\$ 96,862	\$ 96,769	\$ 93	\$ 100,898
Operating Expenses	8,020	7,320	700	5,668
Total Facilities Maintenance	<u>104,882</u>	<u>104,089</u>	<u>793</u>	<u>106,566</u>
Motor Pool (Fleet Maintenance):				
Personal Services	97,089	96,822	267	100,451
Operating Expenses	19,820	18,620	1,200	16,938
Capital Outlay	1,900	1,892	8	1,908
Total Motor Pool	<u>118,809</u>	<u>117,334</u>	<u>1,475</u>	<u>119,297</u>
Total General Government	<u>1,614,383</u>	<u>1,594,694</u>	<u>19,689</u>	<u>1,815,854</u>
PUBLIC SAFETY:				
Police Department:				
Personal Services	2,834,093	2,828,482	5,611	2,777,264
Operating Expenses	409,951	400,965	8,986	444,796
Capital Outlay	56,477	56,477	-	381,934
Capital Outlay - Federal Grants	12,676	12,676	-	1,000
Debt Service	141,879	141,879	-	138,494
Total Police Department	<u>3,455,076</u>	<u>3,440,479</u>	<u>14,597</u>	<u>3,743,488</u>
Fire Control:				
Operating Expenses	674,793	674,793	-	650,010
Building Inspections:				
Personal Services	98,420	98,392	28	113,128
Operating Expenses	156,837	156,408	429	186,466
Total Building Inspections	<u>255,257</u>	<u>254,800</u>	<u>457</u>	<u>299,594</u>
Code Enforcement:				
Personal Services	31,665	31,767	(102)	36,611
Operating Expenses	12,370	12,247	123	14,221
Total Code Enforcement	<u>44,035</u>	<u>44,014</u>	<u>21</u>	<u>50,832</u>
Total Public Safety	<u>4,429,161</u>	<u>4,414,086</u>	<u>15,075</u>	<u>4,743,924</u>
GROWTH MANAGEMENT				
Personal Services	188,296	188,218	78	186,286
Operating Expenses	49,735	48,424	1,311	71,359
Total Growth Management	<u>238,031</u>	<u>236,642</u>	<u>1,389</u>	<u>257,645</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, 2010
With comparative actual amounts for the year ended September 30, 2009

	2010		VARIANCE WITH FINAL BUDGET	2009 ACTUAL
	FINAL BUDGET	ACTUAL		
PUBLIC WORKS:				
Administration:				
Personal Services	\$ 153,571	\$ 153,556	\$ 15	\$ 160,962
Operating Expenses	51,722	51,348	374	48,042
Capital Outlay	6,533	6,533	-	-
Total Administration	<u>211,826</u>	<u>211,437</u>	<u>389</u>	<u>209,004</u>
Streets and Maintenance:				
Personal Services	413,435	412,736	699	435,999
Electric-Street Lights	170,000	154,882	15,118	144,560
Operating Expenses	199,165	192,618	6,547	167,249
Street Resurfacing	255,975	255,961	14	379,953
Capital Outlay	15,030	15,030	-	-
Total Streets and Maintenance	<u>1,053,605</u>	<u>1,031,227</u>	<u>22,378</u>	<u>1,127,761</u>
Total Public Works	<u>1,265,431</u>	<u>1,242,664</u>	<u>22,767</u>	<u>1,336,765</u>
CULTURE AND RECREATION:				
Library:				
Personal Services	277,570	277,366	204	288,129
Operating Expenses	54,845	53,732	1,113	54,303
Library Books	60,000	70,695	(10,695)	61,698
Capital Outlay	-	60,944	(60,944)	-
Capital Outlay - Library Building	3,158,143	3,086,961	71,182	368,790
Debt Service	153,057	153,057	-	-
Total Library	<u>3,703,615</u>	<u>3,702,755</u>	<u>860</u>	<u>772,920</u>
Parks and Recreation:				
Personal Services	249,377	249,346	31	239,799
Operating Expenses	165,188	162,517	2,671	179,214
Operating Expenses - Community Bldg	11,005	10,797	208	9,003
Capital Outlay	9,826	9,826	-	-
Capital Outlay - FRDAP Grant	-	-	-	33,898
Capital Outlay - P & R Building	-	-	-	76,898
Total Parks and Recreation	<u>435,396</u>	<u>432,486</u>	<u>2,910</u>	<u>538,812</u>
Total Culture and Recreation	<u>4,139,011</u>	<u>4,135,241</u>	<u>3,770</u>	<u>1,311,732</u>
Total Expenditures	<u>\$ 11,686,017</u>	<u>\$ 11,623,327</u>	<u>\$ 62,690</u>	<u>\$ 9,465,920</u>

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, 2010 AND 2009**

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Cash	\$ 819,983	\$ 707,978
Due from State of Florida	<u>98,083</u>	<u>91,238</u>
 Total Assets	 <u><u>\$ 918,066</u></u>	 <u><u>\$ 799,216</u></u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Deferred Revenue - Infrastructure Surtax	<u>\$ 26,677</u>	<u>\$ 22,797</u>
Fund Balance, Reserved for Infrastructure	<u>891,389</u>	<u>776,419</u>
 Total Liabilities and Fund Balance	 <u><u>\$ 918,066</u></u>	 <u><u>\$ 799,216</u></u>

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

TOWN OF LADY LAKE, FLORIDA
SALES TAX REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2010
With comparative actual amounts for the year ended September 30, 2009

	2010		VARIANCE WITH FINAL BUDGET	2009 ACTUAL
	FINAL BUDGET	ACTUAL		
REVENUES:				
Local Government Infrastructure Surtax	\$ 997,000	\$ 997,730	\$ 730	\$ 991,668
Interest Earned	400	422	22	3,152
Total Revenues	997,400	998,152	752	994,820
OTHER FINANCING SOURCES (USES):				
Transfer to General Fund	(153,057)	(153,057)	-	-
Transfer to Utility Fund	(730,125)	(730,125)	-	(730,095)
Total Other Financing Sources (Uses)	(883,182)	(883,182)	-	(730,095)
Net Change in Fund Balance	114,218	114,970	752	264,725
Fund Balance, Beginning of Year	776,419	776,419	-	511,694
Fund Balance, End of Year	<u>\$ 890,637</u>	<u>\$ 891,389</u>	<u>\$ 752</u>	<u>\$ 776,419</u>

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

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TOWN OF LADY LAKE, FLORIDA

ENTERPRISE FUND

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

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

TOWN OF LADY LAKE, FLORIDA
UTILITY FUND
COMPARATIVE STATEMENTS OF NET ASSETS
SEPTEMBER 30, 2010 AND 2009

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
CURRENT ASSETS:		
Cash	\$ 884,825	\$ 676,478
Investments	147,135	147,731
Restricted Cash:		
State Revolving Fund Loan Reserves	41,849	41,852
Customer Deposits	465,382	411,843
Customer Accounts Receivable, net of allowance for uncollectibles of \$25,290 and \$19,653	139,736	134,969
Unbilled Utility Service Receivables	81,759	66,839
Due from Lake County	-	171
Inventory	50,086	64,153
Prepaid Expenses	1,000	1,160
 Total Current Assets	 <u>1,811,772</u>	 <u>1,545,196</u>
NONCURRENT ASSETS:		
RESTRICTED CASH:		
State Revolving Fund Loan Reserves	22,816	22,804
Impact Fees - Water	620,647	1,002,612
Impact Fees - Sewer	418,163	236,247
Impact Fees - Reuse	1,169	-
 Total Restricted Cash	 <u>1,062,795</u>	 <u>1,261,663</u>
 DEFERRED ENGINEERING COSTS	 <u>75,365</u>	 <u>76,865</u>
 SRF AND SUNTRUST LOAN COSTS	 <u>45,590</u>	 <u>64,638</u>
 SEWER CAPACITY RESERVATION AGREEMENT, net of accumulated amortization of \$359,725 and \$320,670 in 2010 and 2009, respectively	 <u>1,269,281</u>	 <u>1,308,336</u>
PROPERTY, PLANT, AND EQUIPMENT:		
Land	509,453	509,453
Buildings	346,587	346,587
Water Utility System	7,739,375	7,081,408
Sewer Utility System	18,488,333	17,921,883
Equipment	1,489,134	1,433,169
Construction in Progress	1,658	281,250
	<u>28,574,540</u>	<u>27,573,750</u>
Less Accumulated Depreciation	<u>5,832,076</u>	<u>4,832,698</u>
 Net Property, Plant, and Equipment	 <u>22,742,464</u>	 <u>22,741,052</u>
 Total Assets	 <u>27,007,267</u>	 <u>26,997,750</u>

TOWN OF LADY LAKE, FLORIDA
UTILITY FUND
COMPARATIVE STATEMENTS OF NET ASSETS (Continued)
SEPTEMBER 30, 2010 AND 2009

<u>LIABILITIES</u>	<u>2010</u>	<u>2009</u>
CURRENT LIABILITIES:		
Accounts Payable	\$ 32,936	\$ 102,296
Accrued Payroll and Related Taxes	36,882	23,815
Accrued Vacation Payable	23,017	21,358
Due to General Fund	2,732	2,324
Customer Deposits	465,382	411,843
State Revolving Fund Loan:		
Current Portion	77,378	74,724
Accrued Interest Payable	1,475	2,029
SunTrust Loan Payable:		
Current Portion	633,083	608,636
Accrued Interest Payable	8,912	10,886
Total Current Liabilities	<u>1,281,797</u>	<u>1,257,911</u>
NONCURRENT LIABILITIES:		
Accrued Vacation Payable	1,643	-
Unearned Revenue	31,757	31,757
State Revolving Fund Loan	121,248	198,626
SunTrust Loan	2,116,352	2,749,435
Total Noncurrent Liabilities	<u>2,271,000</u>	<u>2,979,818</u>
Total Liabilities	<u>3,552,797</u>	<u>4,237,729</u>
 <u>NET ASSETS</u>		
Invested in Capital Assets, net of related debt	21,138,522	20,404,754
Restricted for Utility Capital Improvements	1,039,979	1,238,859
Restricted for Debt Service	63,190	62,627
Unrestricted	1,212,779	1,053,781
Total Net Assets	<u>\$ 23,454,470</u>	<u>\$ 22,760,021</u>

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, 2010 AND 2009

	2010	2009
OPERATING REVENUES:		
Water Sales	\$ 891,211	\$ 935,832
Sewer Revenue	529,602	489,456
Reuse Water Sales	81,776	68,654
Connection Fees	37,350	35,896
Garbage Revenue	340,418	338,203
Late Fees and Other Revenue	44,980	46,664
	<u>1,925,337</u>	<u>1,914,705</u>
OPERATING EXPENSES:		
Personal Services	552,663	636,051
Garbage Contract Services	312,829	305,607
Other Contract Services	142,676	44,311
Depreciation	1,009,317	906,233
Operating Supplies	136,121	155,783
Utilities	152,255	148,871
Insurance	79,613	60,973
Repairs and Maintenance	72,635	83,534
Professional Services	39,768	64,560
Amortization	39,055	39,055
Other Operating Expenses	53,244	54,016
	<u>2,590,176</u>	<u>2,498,994</u>
Net Operating Loss	<u>(664,839)</u>	<u>(584,289)</u>
NONOPERATING REVENUES (EXPENSES):		
Interest Revenue	2,997	13,713
Increase (Decrease) in Fair Value of Investments	60,327	(55,668)
Debt Issuance Costs	(19,048)	(19,048)
Interest Expense	(127,932)	(154,090)
	<u>(83,656)</u>	<u>(215,093)</u>
Total Nonoperating Revenues (Expenses)	<u>(83,656)</u>	<u>(215,093)</u>
Loss Before Contributions and Transfers	(748,495)	(799,382)
CAPITAL CONTRIBUTIONS:		
Water Impact Fees	130,835	84,956
Sewer and Reuse Impact Fees	218,180	127,795
Developers	487,804	1,148,982
TRANSFERS IN - Infrastructure Taxes	730,125	730,095
TRANSFERS OUT - to General Fund	(124,000)	(124,000)
	<u>694,449</u>	<u>1,168,446</u>
Change in Net Assets	<u>694,449</u>	<u>1,168,446</u>
Total Net Assets, Beginning of Year	<u>22,760,021</u>	<u>21,591,575</u>
Total Net Assets, End of Year	<u>\$ 23,454,470</u>	<u>\$ 22,760,021</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, 2010 AND 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 1,959,360	\$ 1,953,196
Cash Payments to Employees for Services	(536,294)	(631,760)
Cash Payments to Suppliers for Goods and Services	(954,315)	(956,040)
Net Cash Provided by Operating Activities	468,751	365,396
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfer to General Fund	(124,000)	(124,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Transfer from Sales Tax Revenue Fund - Infrastructure Taxes	730,125	730,095
Water and Sewer Impact Fees Received	349,015	212,751
State Revolving Fund Loan Interest Paid	(8,970)	(11,533)
State Revolving Fund Loan Principal Repayments	(74,724)	(72,162)
Suntrust Loan Interest Paid	(121,490)	(144,990)
Suntrust Loan Principal Paid	(608,636)	(585,105)
Acquisition and Construction of Capital Assets	(610,976)	(853,895)
Net Cash Used in Capital and Related Financing Activities	(345,656)	(724,839)
CASH FLOWS FROM INVESTING ACTIVITIES:		
State Board Fund B Pool Investment	60,923	30,282
Interest Received on Demand Deposits	2,997	13,713
Net Cash Provided by Investing Activities	63,920	43,995
NET INCREASE (DECREASE) IN CASH	63,015	(439,448)
Cash at Beginning of Year	2,391,836	2,831,284
Cash at End of Year	\$ 2,454,851	\$ 2,391,836

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, 2010 AND 2009

	2010	2009
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Loss	\$ (664,839)	\$ (584,289)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and Amortization	1,048,372	945,288
Increase in Accounts Receivable	(4,767)	(16,201)
Increase in Unbilled Receivables	(14,920)	(5,760)
Decrease in Other Receivables	-	2,806
Decrease in Due from General Fund	-	22,736
(Increase) Decrease in Due from Lake County	171	(171)
(Increase) Decrease in Inventory	14,067	(15,849)
(Increase) Decrease in Prepaid Expenses	160	(60)
Increase (Decrease) in Accounts Payable	20,191	(45,378)
Increase in Due to General Fund	408	166
Increase in Accrued Payroll and Related Taxes	13,067	2,347
Increase in Accrued Vacation Payable	3,302	1,944
Increase in Customer Deposits	53,539	58,142
Decrease in Unearned Revenue	-	(325)
 Total Adjustments	 1,133,590	 949,685
 Net Cash Provided by Operating Activities	 \$ 468,751	 \$ 365,396
 NONCASH CAPITAL ACTIVITIES:		
Utility system construction on account	\$ (89,551)	\$ (65,847)
Developer utility system contributions	487,804	1,148,982
 NONCASH INVESTING ACTIVITIES:		
State Board Fund B Pool Investment Gain (Loss)	60,327	(55,668)

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, 2010**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:			
Water Sales	\$ 878,217	\$ 891,211	\$ 12,994
Sewer Revenue	521,450	529,602	8,152
Reuse Water Sales	80,000	81,776	1,776
Connection Fees	37,450	37,350	(100)
Garbage Revenue	340,418	340,418	-
Late Fees and Other Revenue	44,980	44,980	-
Interest Revenue	2,997	2,997	-
Increase in Fair Value of Investments	60,000	60,327	327
Water, Sewer and Reuse Impact Fees	349,015	349,015	-
Developer Contributions	-	487,804	487,804
Transfers in from Sales Tax Revenue Fund	730,125	730,125	-
Total Revenues	3,044,652	3,555,605	510,953
EXPENSES:			
Personal Services	555,297	552,663	2,634
Operating Expenses - Water	374,049	368,693	5,356
Operating Expenses - Sewer	308,924	307,619	1,305
Operating Expenses - Garbage	313,356	312,829	527
Amortization	39,055	39,055	-
Interest Expense	127,932	127,932	-
Debt Issuance Costs	19,049	19,048	1
Principal - Utility Debt	683,360	683,360	-
Equipment Purchases	65,881	65,904	(23)
Water Utility System Improvements	425,002	422,770	2,232
Sewer Utility System Improvements	32,751	32,751	-
Transfers out to General Fund	124,000	124,000	-
Contingency	84,734	-	84,734
Total Expenses	3,153,390	3,056,624	96,766
Excess (Deficiency) of Revenues Over (Under) Expenses	\$ (108,738)	\$ 498,981	\$ 607,719

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, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
CAPITAL ASSETS:		
Land	\$ 1,660,349	\$ 1,660,349
Buildings	6,283,064	6,278,389
Improvements Other Than Buildings	1,885,202	1,875,376
Furniture and Equipment	4,453,132	4,393,569
Infrastructure	1,480,447	1,480,447
Construction in Progress	3,842,040	755,079
	<u> </u>	<u> </u>
Total Capital Assets	<u><u>\$ 19,604,234</u></u>	<u><u>\$ 16,443,209</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	340,921	328,245
State of Florida Grants	585,033	585,033
Lake County Grants	641,142	641,142
Donations and Developer Contributions	2,479,661	2,477,334
General Fund Revenues	14,889,190	11,743,168
	<u> </u>	<u> </u>
Total Investment in Capital Assets	<u><u>\$ 19,604,234</u></u>	<u><u>\$ 16,443,209</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, 2010

FUNCTION AND ACTIVITY	LAND	BUILDINGS	IMPROVEMENTS OTHER THAN BUILDINGS	FURNITURE AND EQUIPMENT	INFRA- STRUCTURE	CONSTRUCTION IN PROGRESS	TOTAL
GENERAL GOVERNMENT:							
Town Manager	\$ -	\$ -	\$ -	\$ 9,942	\$ -	\$ -	\$ 9,942
Town Clerk	-	-	-	11,869	-	-	11,869
Finance	-	-	-	45,620	-	-	45,620
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	-	-	-	78,885	-	-	78,885
Total General Government	<u>1,003,382</u>	<u>2,844,827</u>	<u>174,336</u>	<u>601,305</u>	<u>-</u>	<u>-</u>	<u>4,623,850</u>
PUBLIC SAFETY:							
Police	-	4,675	8,806	2,156,687	-	-	2,170,168
Building Inspections/Code Enf	-	-	-	33,120	-	-	33,120
Total Public Safety	<u>-</u>	<u>4,675</u>	<u>8,806</u>	<u>2,189,807</u>	<u>-</u>	<u>-</u>	<u>2,203,288</u>
GROWTH MANAGEMENT							
	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,009</u>	<u>-</u>	<u>-</u>	<u>92,009</u>
PUBLIC WORKS:							
Administration	-	1,639,187	2,850	35,243	-	-	1,677,280
Streets and Maintenance	174,247	142,433	124,484	922,652	1,480,447	-	2,844,263
Total Public Works	<u>174,247</u>	<u>1,781,620</u>	<u>127,334</u>	<u>957,895</u>	<u>1,480,447</u>	<u>-</u>	<u>4,521,543</u>
CULTURE AND RECREATION:							
Library	48,000	870,855	-	224,090	-	3,842,040	4,984,985
Parks and Recreation	434,720	781,087	1,574,726	388,026	-	-	3,178,559
Total Culture and Recreation	<u>482,720</u>	<u>1,651,942</u>	<u>1,574,726</u>	<u>612,116</u>	<u>-</u>	<u>3,842,040</u>	<u>8,163,544</u>
Total Capital Assets	<u>\$ 1,660,349</u>	<u>\$ 6,283,064</u>	<u>\$ 1,885,202</u>	<u>\$ 4,453,132</u>	<u>\$ 1,480,447</u>	<u>\$ 3,842,040</u>	<u>\$ 19,604,234</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, 2010

FUNCTION AND ACTIVITY	BALANCE 9/30/2009	ADDITIONS	TRANSFERS/ DISPOSALS	BALANCE 9/30/2010
GENERAL GOVERNMENT:				
Town Manager	\$ 10,871	\$ -	\$ (929)	\$ 9,942
Town Clerk	10,939	-	930	11,869
Finance	88,854	-	(43,234)	45,620
Human Resources	11,209	-	-	11,209
Other General Government	4,433,422	-	-	4,433,422
Facilities Maintenance	32,903	-	-	32,903
Motor Pool	78,716	1,892	(1,723)	78,885
Total General Government	4,666,914	1,892	(44,956)	4,623,850
PUBLIC SAFETY:				
Police	2,110,618	69,153	(9,603)	2,170,168
Building Inspections/Code Enforce	66,222	-	(33,102)	33,120
Total Public Safety	2,176,840	69,153	(42,705)	2,203,288
GROWTH MANAGEMENT	84,605	-	7,404	92,009
PUBLIC WORKS:				
Administration	1,695,186	6,533	(24,439)	1,677,280
Streets and Maintenance	2,827,449	15,030	1,784	2,844,263
Total Public Works	4,522,635	21,563	(22,655)	4,521,543
CULTURE AND RECREATION:				
Library	1,837,859	3,147,905	(779)	4,984,985
Parks and Recreation	3,154,356	11,014	13,189	3,178,559
Total Culture and Recreation	4,992,215	3,158,919	12,410	8,163,544
Total Capital Assets	\$ 16,443,209	\$ 3,251,527	\$ (90,502)	\$ 19,604,234

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.

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Financial Trends

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

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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.

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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.

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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 SEVEN FISCAL YEARS
(Accrual basis of accounting)

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

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

<u>Fiscal Year</u> <u>2008</u>	<u>Fiscal Year</u> <u>2009</u>	<u>Fiscal Year</u> <u>2010</u>
\$ 10,361,952	\$ 10,365,935	\$ 9,603,282
511,694	781,865	1,781,385
-	-	-
52,245	53,345	56,908
152,649	110,568	29,295
1,584,846	1,587,846	1,590,846
-	-	-
<u>3,363,431</u>	<u>3,327,725</u>	<u>4,301,552</u>
<u>\$ 16,026,817</u>	<u>\$ 16,227,284</u>	<u>\$ 17,363,268</u>
\$ 18,689,898	\$ 20,404,754	\$ 21,138,522
1,577,122	1,238,859	1,039,979
61,755	62,627	63,190
<u>1,262,800</u>	<u>1,053,781</u>	<u>1,212,779</u>
<u>\$ 21,591,575</u>	<u>\$ 22,760,021</u>	<u>\$ 23,454,470</u>
\$ 29,051,850	\$ 30,770,689	\$ 30,741,804
2,088,816	2,020,724	2,821,364
61,755	62,627	63,190
52,245	53,345	56,908
152,649	110,568	29,295
1,584,846	1,587,846	1,590,846
-	-	-
<u>4,626,231</u>	<u>4,381,506</u>	<u>5,514,331</u>
<u>\$ 37,618,392</u>	<u>\$ 38,987,305</u>	<u>\$ 40,817,738</u>

TOWN OF LADY LAKE, FLORIDA
CHANGES IN NET ASSETS
LAST SEVEN 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
Public Works	-	-	-	-
Culture and Recreation	17,115	19,280	25,188	30,295
Operating Grants and Contributions	489,713	517,270	366,040	1,807,208
Capital Grants and Contributions	383,203	1,307,707	260,432	1,501,163
	<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>	<u>Fiscal Year 2010</u>
\$ 2,116,586	\$ 1,933,144	\$ 1,717,836
4,675,709	4,515,835	4,521,168
428,130	267,442	246,849
1,459,612	1,509,663	1,380,692
1,026,511	999,196	1,000,149
9,339	11,916	133,743
<u>9,715,887</u>	<u>9,237,196</u>	<u>9,000,437</u>
933,226	1,133,735	1,134,744
774,490	1,226,015	1,289,583
311,864	312,382	312,829
<u>2,019,580</u>	<u>2,672,132</u>	<u>2,737,156</u>
<u>\$ 11,735,467</u>	<u>\$ 11,909,328</u>	<u>\$ 11,737,593</u>
\$ 179,083	\$ 36,471	\$ 19,975
1,393,794	1,208,716	1,113,352
186,009	76,803	56,217
-	-	13,466
29,163	25,978	29,210
408,982	279,589	313,310
579,163	148,211	559,587
<u>2,776,194</u>	<u>1,775,768</u>	<u>2,105,117</u>
1,073,086	1,000,324	955,189
347,695	576,178	629,730
338,233	338,203	340,418
1,342,358	1,361,733	836,819
<u>3,101,372</u>	<u>3,276,438</u>	<u>2,762,156</u>
<u>\$ 5,877,566</u>	<u>\$ 5,052,206</u>	<u>\$ 4,867,273</u>
\$ (6,939,693)	\$ (7,461,428)	\$ (6,895,320)
1,081,792	604,306	25,000
<u>\$ (5,857,901)</u>	<u>\$ (6,857,122)</u>	<u>\$ (6,870,320)</u>

Continued on Next Page

TOWN OF LADY LAKE, FLORIDA
CHANGES IN NET ASSETS (continued)
LAST SEVEN 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>	<u>Fiscal Year 2010</u>
\$ 1,998,784	\$ 2,581,571	\$ 2,717,691
1,750,420	1,569,576	1,591,571
1,136,241	1,298,195	1,449,685
1,484,241	1,791,745	1,976,462
644,564	697,758	699,282
212,044	329,145	202,738
-	-	-
<u>(701,163)</u>	<u>(606,095)</u>	<u>(606,125)</u>
6,525,131	7,661,895	8,031,304
54,042	(41,955)	63,324
<u>701,163</u>	<u>606,095</u>	<u>606,125</u>
<u>755,205</u>	<u>564,140</u>	<u>669,449</u>
<u><u>\$ 7,280,336</u></u>	<u><u>\$ 8,226,035</u></u>	<u><u>\$ 8,700,753</u></u>
\$ (414,562)	\$ 200,467	\$ 1,135,984
<u>1,836,997</u>	<u>1,168,446</u>	<u>694,449</u>
<u><u>\$ 1,422,435</u></u>	<u><u>\$ 1,368,913</u></u>	<u><u>\$ 1,830,433</u></u>

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General Fund				
Reserved	\$ 82,443	\$ 177,810	\$ 102,443	\$ 134,255
Unreserved	<u>4,276,406</u>	<u>4,533,779</u>	<u>4,482,344</u>	<u>4,495,698</u>
Total General Fund	<u>\$ 4,358,849</u>	<u>\$ 4,711,589</u>	<u>\$ 4,584,787</u>	<u>\$ 4,629,953</u>
All Other Governmental Funds				
Reserved	\$ 2,758,304	\$ 2,982,325	\$ 1,577,685	\$ 2,555,097
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Debt service funds	<u>446,074</u>	<u>454,456</u>	<u>2,102</u>	<u>10,732</u>
Total all other governmental funds	<u>\$ 3,204,378</u>	<u>\$ 3,436,781</u>	<u>\$ 1,579,787</u>	<u>\$ 2,565,829</u>

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 250,293	\$ 253,335	\$ 1,918,082	\$ 1,920,764	\$ 1,957,396	\$ 2,244,175
5,077,867	5,199,945	4,831,656	3,325,535	3,360,942	4,307,215
<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>	<u>\$ 6,551,390</u>
\$ 3,205,390	\$ 2,168,936	\$ 138,759	\$ 511,694	\$ 776,419	\$ 891,389
-	-	-	-	-	-
33,165	-	-	-	-	-
<u>\$ 3,238,555</u>	<u>\$ 2,168,936</u>	<u>\$ 138,759</u>	<u>\$ 511,694</u>	<u>\$ 776,419</u>	<u>\$ 891,389</u>

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Revenues					
Taxes	\$ 3,537,423	\$ 4,075,934	\$ 4,037,868	\$ 4,421,158	\$ 4,988,671
Licenses and Permits	242,687	136,059	170,528	182,997	497,441
Intergovernmental Revenues	1,136,393	1,075,846	1,389,067	1,375,162	2,021,370
Charges for Services	135,137	138,680	140,721	128,800	143,377
Fines and Forfeitures	96,033	72,679	75,831	90,429	72,948
Investment Earnings	414,368	166,168	113,295	139,378	189,312
Miscellaneous	126,544	183,420	111,825	853,999	910,955
Total Revenues	<u>5,688,585</u>	<u>5,848,786</u>	<u>6,039,135</u>	<u>7,191,923</u>	<u>8,824,074</u>
Expenditures					
General Government	739,322	899,215	1,062,272	1,232,242	1,483,321
Public Safety	1,983,005	2,132,745	2,379,383	2,769,791	3,166,649
Growth Management	185,348	154,919	172,220	158,050	279,668
Public Works	1,033,747	875,484	782,776	922,035	775,849
Culture and Recreation	751,061	453,288	504,349	583,211	611,836
Capital Outlay	-	99,134	2,558,403	382,787	507,330
Debt Service:					
Principal	637,779	572,000	34,000	36,000	38,000
Interest	63,989	33,580	6,899	4,945	2,874
Total Expenditures	<u>5,394,251</u>	<u>5,220,365</u>	<u>7,500,302</u>	<u>6,089,061</u>	<u>6,865,527</u>
Excess (Deficiency) of Revenues over (under) Expenditures	294,334	628,421	(1,461,167)	1,102,862	1,958,547
Other Financing Sources (Uses)					
Loan Proceeds	-	-	-	-	-
Capital Lease	-	-	-	-	-
Transfers in	618,191	356,996	1,818,390	26,000	28,000
Transfers out	(618,191)	(356,996)	(1,818,390)	(110,819)	(631,510)
Sale of Capital Assets	18,960	4,550	5,618	13,165	15,896
Total Other Financing Sources (Uses)	<u>18,960</u>	<u>4,550</u>	<u>5,618</u>	<u>(71,654)</u>	<u>(587,614)</u>
Net Change in Fund Balances	<u>\$ 313,294</u>	<u>\$ 632,971</u>	<u>\$ (1,455,549)</u>	<u>\$ 1,031,208</u>	<u>\$ 1,370,933</u>
Debt service as a percentage of noncapital expenditures	15.4%	12.7%	0.8%	0.7%	0.7%

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$	5,646,998	\$ 5,917,231	\$ 6,005,261	\$ 7,020,405	\$ 7,382,152
	599,368	1,088,610	772,972	409,063	294,920
	1,688,267	2,926,694	1,482,333	1,396,891	1,304,226
	139,781	150,950	158,561	163,865	172,804
	83,664	107,193	118,481	84,927	67,747
	358,472	454,554	212,044	329,145	202,738
	765,804	2,175,751	1,014,262	749,223	727,893
	<u>9,282,354</u>	<u>12,820,983</u>	<u>9,763,914</u>	<u>10,153,519</u>	<u>10,152,480</u>
	1,696,456	3,121,174	1,976,628	1,815,854	1,594,694
	3,567,311	4,706,147	4,560,641	4,605,430	4,272,207
	301,659	487,836	437,204	257,645	236,642
	1,165,617	1,122,347	1,356,600	1,336,765	1,242,664
	866,326	942,050	905,622	866,044	895,223
	117,484	55,668	882,986	445,688	3,086,961
	11,991	74,494	62,282	130,111	167,895
	689	-	12,212	8,383	127,041
	<u>7,727,533</u>	<u>10,509,716</u>	<u>10,194,175</u>	<u>9,465,920</u>	<u>11,623,327</u>
	1,554,821	2,311,267	(430,261)	687,599	(1,470,847)
	-	-	-	-	3,400,000
	-	273,065	-	251,000	-
	115,628	30,500	29,000	124,000	277,057
	(2,618,068)	(3,349,357)	(730,163)	(730,095)	(883,182)
	3,120	806	920	4,260	24,994
	<u>(2,499,320)</u>	<u>(3,044,986)</u>	<u>(700,243)</u>	<u>(350,835)</u>	<u>2,818,869</u>
\$	<u>(944,499)</u>	<u>(733,719)</u>	<u>(1,130,504)</u>	<u>336,764</u>	<u>1,348,022</u>
	0.2%	0.8%	0.8%	1.5%	3.6%

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>
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
2010	2,717,691	997,730	285,901	1,449,685	1,107,660	823,485	7,382,152

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		
2001	\$ 550,561,894	\$391,916,800	\$ 86,208,981	\$50,584,838	\$ 636,770,875	\$ 442,501,638	2.72	69.49%
2002	589,062,753	429,100,093	105,026,950	53,684,613	694,089,703	482,784,706	2.72	69.56%
2003	653,910,861	448,511,789	108,198,855	55,219,712	762,109,716	503,731,501	2.20	66.10%
2004	728,490,160	496,385,446	110,170,441	57,234,274	838,660,601	553,619,720	2.20	66.01%
2005	821,292,460	541,904,735	119,672,957	66,507,697	940,965,417	608,412,432	2.20	64.66%
16 2006	935,927,027	618,734,443	122,393,790	69,210,517	1,058,320,817	687,944,960	2.20	65.00%
2007	1,123,319,733	749,900,730	152,219,097	98,519,590	1,275,538,830	848,420,320	2.20	66.51%
2008	1,233,366,562	856,012,788	137,809,865	85,841,775	1,371,176,427	941,854,563	2.20	68.69%
2009	1,210,867,523	777,261,395	136,738,119	79,496,526	1,347,605,642	856,757,921	3.087	63.58%
2010	1,152,451,691	772,717,249	143,010,344	87,983,845	1,295,462,035	860,701,094	3.281	66.44%

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	
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 *
2010	3.281	5.083	7.532	0.213	0.416	0.465	1.000	17.990 *

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 45% of the Town of Lady Lakes's total taxable value for FY 2010 and 43% for FY 2009.

**TOWN OF LADY LAKE, FLORIDA
PRINCIPAL PROPERTY TAXPAYERS
SEPTEMBER 30, 2010
CURRENT YEAR COMPARED TO NINE YEARS AGO**

Taxpayer	Fiscal Year 2010			Fiscal Year 2001		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Value
Villages Operating Company	\$ 39,966,345	1	4.64%			
Lazy B Cattle Venture LTD	27,619,880	2	3.21%	\$ 13,604,907	2	3.07%
TMW Weltfonds Rolling Acres Plaza LP	18,917,986	3	2.20%			
Sun Communities Finance LP	18,718,482	4	2.17%	9,904,955	3	2.24%
Courtney Villages LLC	16,828,107	5	1.96%			
SRK Lady Lake 21 Associates, LLC	14,525,850	6	1.69%			
Lady Lake Apartments LLC	13,734,096	7	1.60%			
Embarq-Florida Inc (formerly Sprint-Florida)	9,307,960	8	1.08%	9,609,093	4	2.17%
The Villages of Lake-Sumter, Inc	8,834,738	9	1.03%	43,932,299	1	9.93%
Kohl's Department Stores, Inc.	8,246,287	10	0.96%			
25 Sun Communities Finance Limited				4,664,406	5	1.05%
Greystone Lady Lake Realty, LLCC				4,418,605	6	1.00%
Lady Lake Inc.				3,514,152	7	0.79%
Greystone Lady Lake Realty, LLC				3,072,628	8	0.69%
Florida Power Corp				2,813,603	9	0.64%
Carelink Partners, Inc				2,429,587	10	0.55%
Total	<u>\$ 176,699,731</u>		<u>20.54%</u>	<u>\$ 97,964,235</u>		<u>22.13%</u>
Total Taxable assessed valuation	\$ 860,701,094			\$ 442,501,638		

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
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%
2010	2,823,960	2,716,421	96.2%	1,270	2,717,691	96.2%

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			
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
2010	3,362,194	127,089	-	2,948,061	6,437,344	1.82%	452

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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, 2010**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes	\$ -	4.79%	\$ -
Other debt			-
Subtotal, overlapping debt			-
Direct debt			3,489,283
Total direct and overlapping debt			<u>\$ 3,489,283</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	
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
2010	997,730	646,442	236,740	883,182	1.13

**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	
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
2010	1,458,163	1,228,975	229,188	74,724	8,970	83,694	2.74

¹ Water and sewer system gross revenues.

² 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, 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, 2010**

Year	2006	2007	2008	2009	2010
Population	12,805	12,842	13,117	14,129	14,254
Total Personal Income of all Lady Lake Residents	297,691,000	285,118,084	297,611,613	346,174,629	353,342,406
Per Capita Personal Income	23,248	22,202	22,689	24,501	24,789
Median Age	68	68	67	60	66
School Enrollment					
**The Villages of Lady Lake Elementary	723	850	811	816	761
Lake County Unemployment Rate (December)	3.0%	4.7%	8.5%	12.7%	11.9%

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 1995

**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%
2010	14,254	0.88%	297,432	1.90%

POPULATION DISTRIBUTION BY AGE - 2009

<u>Age</u>	<u>Lake County</u>	<u>State of Florida</u>
0-14	16.4%	18.2%
15-44	30.8%	38.0%
45-64	27.1%	26.3%
65+	25.7%	17.5%

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
2010	312	349

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

* Census Data

**TOWN OF LADY LAKE, FLORIDA
PRINCIPAL EMPLOYERS
SEPTEMBER 30, 2010**

Employer	2010			2006		
	* Employees	Rank	Percentage of Total Town Employment	* Employees	Rank	Percentage of Total Town Employment
Sam's ***	164	1	4.84%			
The Home Depot	134	2	3.96%	156	3	4.94%
Katie Belles Music Hall	134	3	3.96%	100	6	3.16%
Publix Super Markets	131	4	3.87%	174	2	5.51%
Winn Dixie Stores, Inc/Winn Dixie Liquors	120	5	3.55%	96	8	3.04%
Target Department Store	119	6	3.52%	201	1	6.36%
Kohl's Department Store ***	112	7	3.31%			
Town of Lady Lake	105	8	3.10%	105	5	3.32%
The Villages of Lady Lake Elementary	95	9	2.81%	99	7	3.13%
Carrabba's Restaurant	67	10	1.98%	88	9	2.78%
Belk's Department Store	54	11	1.60%	85	10	2.69%
Probuild (Casmin, Inc.)	42	12	1.24%	148	4	4.68%
Total	1,277		37.74%	1,252		39.61%
Total Town Employment	3,385			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 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
General Government										
Town Manager	2	2	2	2	2	2	2	2	2	2
Town Clerk	2	2	2	2	2	3	3	3	3	3
Finance	4	4	4	4	4	5	5	6	6	5
Human Resource/Risk Management	1.5	1.5	2	2	2	2.5	3	3	3	3
Other General Gov.	0.5	0.5	0.5	0.5	0.5	0	0	0	0	0
Information Technology	0	0	0	0	0	0	0	0	0	1
Facilities Maint.	1	1	1	1	1	2	2	2	2	2
Motor Pool	2	2	1	1	1	1	1	2	2	2
Total General Government	13	13	12.5	12.5	12.5	15.5	16	18	18	18
Public Safety										
Police Officers	24	24	24	24	23	28	29	29	30	30
Police Civilians	10	10	11	11	11	14	14	15.5	16	15
Building Dept.	3	3	3	3	3	4	4	4	3	3
Code Enforcement	0.5	0.5	0.5	0.5	0.5	1	1	1	1	1
Total Public Safety	37.5	37.5	38.5	38.5	37.5	47	48	49.5	50	49
Growth Management	2	2	2	2	2	3	4	4	3	3
Public Works										
Administration	2	2	2	2	2	2	2	2	2	2
Street Maint.	6	6	6	6	7	9	9	9	9	9
Total Public Works	8	8	8	8	9	11	11	11	11	11
Culture and Recreation										
Library	4.5	5.5	5.5	5.5	5.5	6	6	6	6.5	6.5
Parks & Recreation	2	3	3	3	3	5	5	5	5	5
Total Culture and Recreation	6.5	8.5	8.5	8.5	8.5	11	11	11	11.5	11.5
Utilities										
Water	5	5	6	6	6	7	7	9	10	10
Solid Waste	1	1	1	1	1	0	0	0	0	0
Sewer	0	0	0	0	0	2	3	5	3	3
Total Utilities	6	6	7	7	7	9	10	14	13	13
Total Government Employees	73	75	76.5	76.5	76.5	96.5	100	107.5	106.5	105.5

Source: Finance Department

TOWN OF LADY LAKE, FLORIDA
OPERATING INDICATORS BY FUNCTION/PROGRAM
SEPTEMBER 30, 2010

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Police					
Booking Arrests	240	299	303	284	293
DUI Citations	9	20	30	29	46
Misdemeanor Citations	35	36	40	34	33
Traffic Citations	2,735	3,614	2,922	2,639	2,338
Traffic Accidents	394	359	409	445	374
Warrants Arrests	20	39	45	46	34
Dispatch Center:					
Medical Calls	1,829	1,915	1,970	2,201	2,746
Assist other Agencies	386	363	368	398	442
General Calls	23,737	28,433	28,216	23,341	31,042
Building Department					
Total Commercial Permits	135	215	310	314	308
Total Residential Permits	1,676	1,253	1,023	948	1,195
Number of Permits Issued	1,811	1,468	1,333	1,262	1,503
Total Construction Value	\$72,145,552	\$83,634,615	\$63,514,655	\$28,603,549	\$16,280,632
Growth Management					
Site Plans Approved	7	14	15	10	2
Clerk's Office					
Business Tax Receipts	990	1,016	1,018	1,014	1,183
Roads and Streets					
Potholes repaired	200	150	250	250	750
Street resurfacing (miles)	2.5	0	1.5	2.85	1.28
Street Micro-resurfacing (miles)	0	0	8.9	3.35	5.00
Library					
Total Circulation (library materials checked out)	119,549	117,519	126,376	129,708	124,025
Total Users of Public Internet Computers	24,225	28,340	27,846	30,160	33,532
Total Reference Transactions	22,320	20,226	23,042	22,412	18,792
Total Annual Programs	405	1,093	1,236	2,175	830
Total Program Attendance	5,103	7,844	7,093	7,139	11,200
Total number of registered card holders	7,217	6,704	7,684	7,665	7,334
Number of hours spent on public technology instru	863	550	617	611	451
Total Library visitors	109,440	112,961	117,257	125,315	122,559
Parks and Recreation					
Number of Recreation Leases	5	8	12	8	8
Number of Bookings at the Community Building	594	660	575	525	599
Water					
Commercial Connections	256	276	329	360	378
Residential Connections	1,422	1,402	1,930	1,926	1,923
Total Connections	1,678	1,678	2,259	2,286	2,301
Total Equivalent Residential Units	2,499	2,507	3,529	3,623	3,679
Average Daily Consumption (gallons per day)	648,000	709,446	699,478	586,709	630,000
Reuse					
Commercial Connections	0	0	10	10	22
Residential Connections	0	0	0	0	0
Total Connections	0	0	10	10	22
Total Equivalent Residential Units	0	0	0	0	25
Average Daily Consumption (gallons per day)	0	0	81,000	150,000	150,000
Wastewater					
Commercial Connections	118	135	169	189	209
Residential Connections	137	147	525	669	669
Total Connections	255	282	694	858	878
Total Equivalent Residential Units	736	765	1,636	1,818	1,875
Average Daily Sewage Treatment (gallons per day)	83,000	83,000	105,000	150,000	170,000

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, 2010

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Police					
Stations (Includes substation)	2	1	1	1	1
Sworn Officers (positions filled)	25	29	29	30	30
Administration Units	3	3	3	4	4
Patrol Units	13	20	20	20	20
Motorcycle Units	0	2	2	2	2
Investigation Units	2	2	2	2	2
School Resource Officer Unit	0	1	1	1	1
K-9 Officer with Dog Unit	1	1	1	1	1
Support (Non-Sworn)	14	14	16	16	16
Roads and Streets					
Paved Roads (miles)	59.45	59.45	61.21	61.21	61.21
Unpaved Roads (miles)	2.51	2.51	2.51	2.51	2.58
Sidewalks (feet)	9,100	9,100	9,100	9,100	9,100
Land Annexations (acreage)	233.5	503.2	16.8	55.05	55.67
Culture and Recreation:					
Libraries	1	1	1	1	1
Acreage	54	54	54	54	54
Parks	4	4	4	4	4
Recreation Centers	1	1	1	1	1
Basketball Courts	1	1	1	1	1
Racquetball Handball Courts	4	4	4	4	4
Tennis Courts	2	2	2	2	2
Softball Fields	1	1	1	1	1
Baseball Fields	4	4	4	4	4
Playgrounds	1	1	1	1	1
Dog Park	1	1	1	1	1
Soccer Fields	3	3	3	3	3
Golf Driving Range	1	1	1	1	1
Water					
Water Mains (miles)	43.6	46.7	50.4	51.9	54.2
Storage Capacity (gallons)	550,000	550,000	565,000	565,000	565,000
Treatment Capacity (gallons per day)	2,358,000	2,358,000	2,358,000	2,358,000	2,358,000
Fire Hydrants	247	272	311	329	355
Water Plants	3	3	3	3	3
Reuse					
Water Mains (miles)	0	0	4.8	5.8	7.3
Storage Capacity (gallons)	0	0	1,200,000	1,200,000	1,200,000
Wastewater					
Sewers-Force Mains/Gravity (miles)	16.2	18.5	20.4	21.5	23.3
Treatment Capacity (gallons/daily)	250,000	250,000	630,000	630,000	630,000
Lift Stations	12	13	15	16	18

Note: The Town implemented GASB 44 in fiscal year 2006

Sources: Various Town departments

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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 25, 2011

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, 2010, which collectively comprise the Town of Lady Lake, Florida's basic financial statements and have issued our report thereon dated March 25, 2011. 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, 2010**

FEDERAL AWARDS

Federal Grantor/ Program Title	Federal CFDA Number	Federal Revenues	Federal Expenditures	Federal through State Receipts
U.S. DEPARTMENT OF JUSTICE				
2008 Bullet Proof Vest Grant (total grant \$2,100)	16.607	\$ 1,638	\$ 1,638	\$ -
FY09 Recovery Act - Byrne Memorial Justice Assistance Grant PD Storage Area Network (total grant \$12,682) Grant #2009-SB-B9-1801	16.804	12,676	12,676	-
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Pass through Lake County: Community Development Block Grant - Road Resurfacing (total grant \$73,700)	14.218	73,397	73,397	-
Community Development Block Grant-R - Road Resurfacing (total grant \$24,540)	14.253	<u>24,538</u>	<u>24,538</u>	<u>-</u>
Total Federal Awards		<u>\$ 112,249</u>	<u>\$ 112,249</u>	<u>-</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, 2010

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>
Total State Financial Assistance		<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
Total State Receipts				<u>\$ -</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 25, 2011

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 25, 2011, 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, 2010. 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, 2010 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 25, 2011

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, 2010, and have issued our report thereon dated March 25, 2011.

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, 2010.
- 7c. Financial condition assessment procedures pursuant to Rule 10.556(7) were applied during the audit of the basic financial statements. The Town is not, and during the fiscal year, was not experiencing deteriorating financial conditions which may cause a financial emergency described in Section 218.503(1), *Florida Statutes*. Accordingly, we have made no recommendations addressing deteriorating financial conditions in accordance with Rule 10.557(4)(d).

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



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AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared 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

Karen A. Rickelman, Finance Director

STATE OF FLORIDA
COUNTY OF LAKE

SWORN TO AND SUBSCRIBED before me this 29th day of March, 2011.

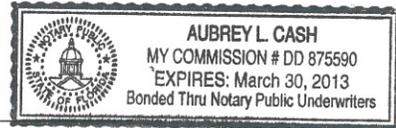
Aubrey L. Cash

NOTARY PUBLIC

Print Name Aubrey L. Cash

Personally known X or produced identification _____

Type of identification produced: _____



My Commission Expires: March 30, 2013