

# TOWN OF LADY LAKE, FLORIDA



Town of Lady Lake Library completed May 19, 2011

## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

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**TOWN OF LADY LAKE, FLORIDA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2011**

Prepared by:  
Kathy Oster, CPA  
Finance Director

Legend:  
The New Town Library was completed April 2011.

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

**TOWN OF LADY LAKE, FLORIDA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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March 22, 2012



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, 2011, is submitted herewith pursuant to Article III, Section 3.01 (f) of the Town Charter; *Florida Statutes* Chapters 11.45 and 218, and Rules of the Auditor General of the State of Florida, 10.550. State law requires an annual "financial audit" of "local governmental entities" be completed no later than nine months after the end of the fiscal year. The CAFR is published to provide the Town Commission, Town staff, our citizens, our lenders and other interested parties with detailed information concerning the financial condition and activities of the Town.

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

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

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

The Town's financial statements have been audited in accordance with generally accepted auditing standards by Shumacker, Johnston & Ross, PA, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended September 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting

Honorable Mayor, Commissioners  
and Citizens of the Town of  
Lady Lake, Florida  
March 22, 2012

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, 2011, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

## **THE REPORTING ENTITY AND ITS ORGANIZATION**

The Town of Lady Lake is located in north Lake County, Florida, approximately fifty miles northwest of Orlando on U.S. Highway 27/441. It currently occupies 9.21 square miles and serves a population of 13,946. 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 FY2011 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 22, 2012

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 30<sup>th</sup>, 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 22, 2012

During the fiscal year, completed commercial construction of significance, include expansion of the Lady Lake Library by 44,069 square feet. A new Kirkland's retail store encompassing 10,000 square feet located at the Village Crossroads. More build outs at Lady Lake Crossings including Stressless Leather Gallery, Papa John's Pizza and Bella Orchid Nail Spa.

Ninety-four new businesses opened during the year in retail, restaurants, professional offices, banking and commercial public service. Some of the new restaurant openings include: Sweet Tomatoes, Athens NY Restaurant, Papa John's, Dunkin Donuts and Brooklyn Water Bagel Co. Tire Choice, Kirklands, and Burry's Ace Hardware are a few of the new retail stores and Insight Credit Union, a full service bank, opened during the year.

Lake County's December 2011 unemployment rate was 10.6%. This is down from 1.3% for the same time period last year. This rate is higher than the state average of 10.5% and United States average of 8.9% for the same period.

Taxable values for real and personal property has decreased by 14% from fiscal year 2009, when the real estate market was at its peak. 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 FY2011 fell 4.3% from FY2010 despite commercial development. The Town Commission elected to keep the millage rate at \$3.2808 per \$1,000 of taxable value for FY2011 and FY2012.

***Long-term financial planning.*** The General Fund's unrestricted fund balance at September 30, 2011 is \$5,061,025. This balance represents 62% of the FY2012 General Fund budget when the pass thru costs of the contracted fire services and the debt service on the library (funded from a transfer from the Sales Tax Revenue Fund) are removed.

***Relevant financial policies.*** The one cent sales surtax revenue (Sales Tax Revenue Fund) is authorized through December 31, 2017. This revenue can only be used for projects eligible for funding as specified in the infrastructure sales surtax referendum. The Town will receive approximately \$1,100,000 of this revenue each year. In October 2004, the Town Commission approved borrowing \$6,000,000 and pledged this revenue for repayment of the debt through October 1, 2014. The proceeds of the loan were used to construct water and wastewater infrastructure improvements, which included a new wastewater treatment plant. The debt service payments are made monthly and will require the use of approximately \$730,000 of this revenue each year. In November 2009, the Town Commission approved borrowing \$3,400,000 and pledged the remainder of the one cent sales surtax revenues 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

Honorable Mayor, Commissioners  
and Citizens of the Town of  
Lady Lake, Florida  
March 22, 2012

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 2011, the Town completed construction of New Town Library. In 2009, the Town received a loan in the amount of \$3,400,000 from SunTrust Bank for construction of the Library. The note is secured by and payable from the Town's one-cent infrastructure sales surtax revenues. Construction of the Library was complete in April 2011.

### 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, 2010. This was the sixteenth consecutive year that the Town of Lady Lake has achieved this prestigious award.

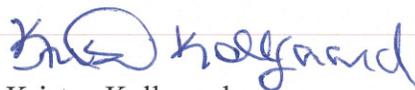
In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

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

Respectfully submitted,



Kristen Kollgaard  
Town Manager



Kathy Oster, CPA  
Finance Director

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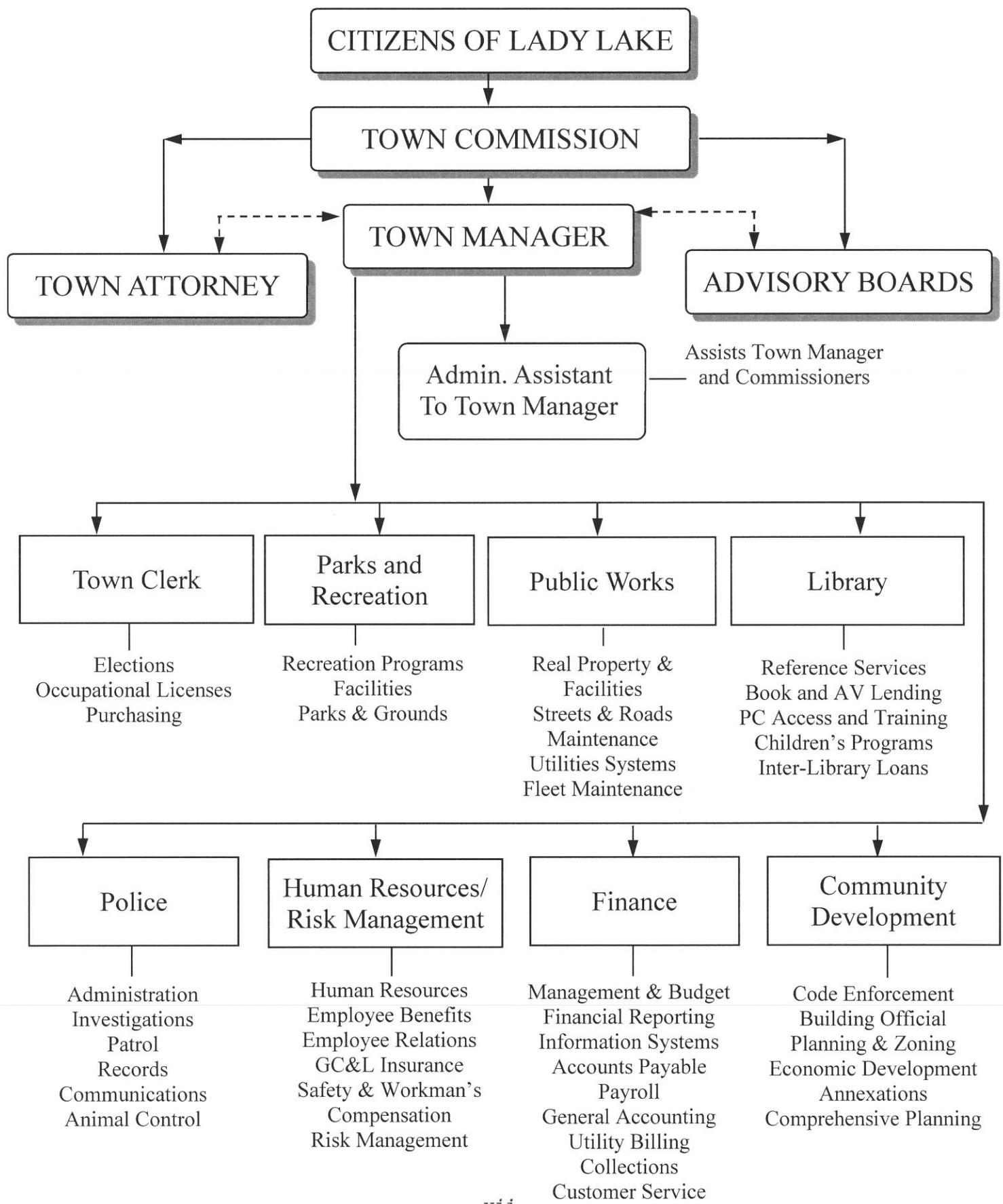
**TOWN OF LADY LAKE, FLORIDA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED SEPTEMBER 30, 2011**

**TOWN COMMISSION AND OFFICIALS  
AT SEPTEMBER 30, 2011**

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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.....	Kathy Oster
Director of Human Resources.....	Tia O’Neal
Director of Growth Management.....	Thad M. Carroll
Director of Library and Information Services.....	Marilynn L. Nesbitt
Parks and Recreation Director.....	Michael D. Burske
Police Chief.....	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, 2010

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, 2010. 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, 2010

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.



*Linda C. Davison*

President

*Jeffrey R. Emer*

Executive Director

# Shumacker, Johnston & Ross, PA

Certified Public Accountants

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

American Institute of  
Certified Public Accountants

Florida Institute of  
Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

March 22, 2012

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, 2011, 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, 2011 and 2010, 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, 2011, 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, 2011 and 2010, 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, 2011 and 2010, 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 22, 2012 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, 2011**

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, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - v of this report.

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

**FINANCIAL HIGHLIGHTS**

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$41,986,778 (net assets). Of this amount, \$7,213,747 (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 \$1,169,040 of which \$70,972 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 \$7,440,814 a decrease of \$1,965 in comparison with the prior year. Of this amount, \$5,061,025 or 68% is unassigned and available for use within the Town's fund designation and fiscal policies.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,061,025, an increase of \$753,810 in comparison with the prior year. This represents 48% of total General Fund expenditures.
- The Town's total debt decreased by \$831,353 during the current fiscal year. The reduction was due to scheduled debt service payments on outstanding debt issue.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**TOWN OF LADY LAKE, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**

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

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

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, growth management, public works (which includes street maintenance), and culture and recreation. The business-type activities of the Town include a utility fund to account for water, sewer and garbage services.

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

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

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

**TOWN OF LADY LAKE, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**

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, 2011**

**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.

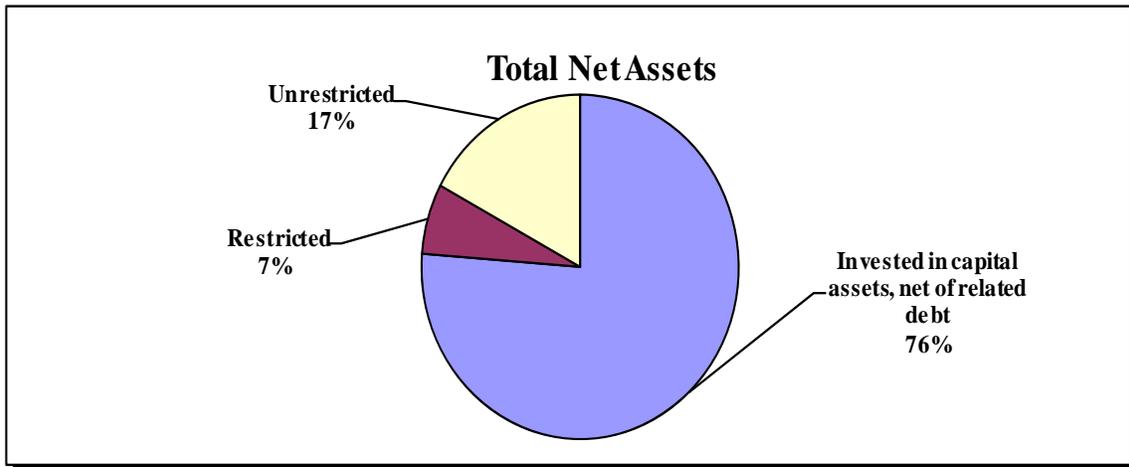
**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**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 \$41,986,778 as of September 30, 2011. 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>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 8,013,174	\$ 8,997,997	\$ 4,571,963	\$ 4,262,071	\$ 12,585,137	\$ 13,260,068
Capital assets	14,523,777	13,092,565	21,776,427	22,742,464	36,300,204	35,835,029
Total Assets	<u>22,536,951</u>	<u>22,090,562</u>	<u>26,348,390</u>	<u>27,004,535</u>	<u>48,885,341</u>	<u>49,095,097</u>
Current and other liabilities	384,103	925,218	564,543	577,344	948,646	1,502,562
Long-term liabilities outstanding	3,691,512	3,802,076	2,258,405	2,972,721	5,949,917	6,774,797
Total Liabilities	<u>4,075,615</u>	<u>4,727,294</u>	<u>2,822,948</u>	<u>3,550,065</u>	<u>6,898,563</u>	<u>8,277,359</u>
Net Assets:						
Invested in capital assets, net of related debt	11,155,386	9,603,282	20,844,418	21,138,522	31,999,804	30,741,804
Restricted	1,634,060	3,458,434	1,139,167	1,103,169	2,773,227	4,561,603
Unrestricted	5,671,890	4,301,552	1,541,857	1,212,779	7,213,747	5,514,331
Total Net Assets	<u>\$ 18,461,336</u>	<u>\$ 17,363,268</u>	<u>\$ 23,525,442</u>	<u>\$ 23,454,470</u>	<u>\$ 41,986,778</u>	<u>\$ 40,817,738</u>

**TOWN OF LADY LAKE, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**



The largest portion of the Town's net assets (\$31,999,804 or 76%) 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 (\$2,773,227 or 7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$7,213,747 or 17%) may be used to meet the government's ongoing obligations to citizens and creditors.

As of September 30, 2011, 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 a decrease of \$1,824,374 in the restricted net assets reported in connection with the Town's governmental activities. The major portion of this decrease was for expenditure of loan proceeds and revenue restricted for use on construction of the new library. The construction of the new Library was complete in April 2011 and all funds were expended for that purpose.

The business-type activities had an increase of \$70,972 or .3% in total net assets compared to the prior year. The invested in capital assets, net of related debt, decreased by \$294,104 or 1.25%. The decrease was largely due to depreciation (\$1,018,465) net of scheduled debt payments (\$710,461). The restricted net assets increased by \$35,998 or 3% due to collection of impact fees.

**TOWN OF LADY LAKE, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**

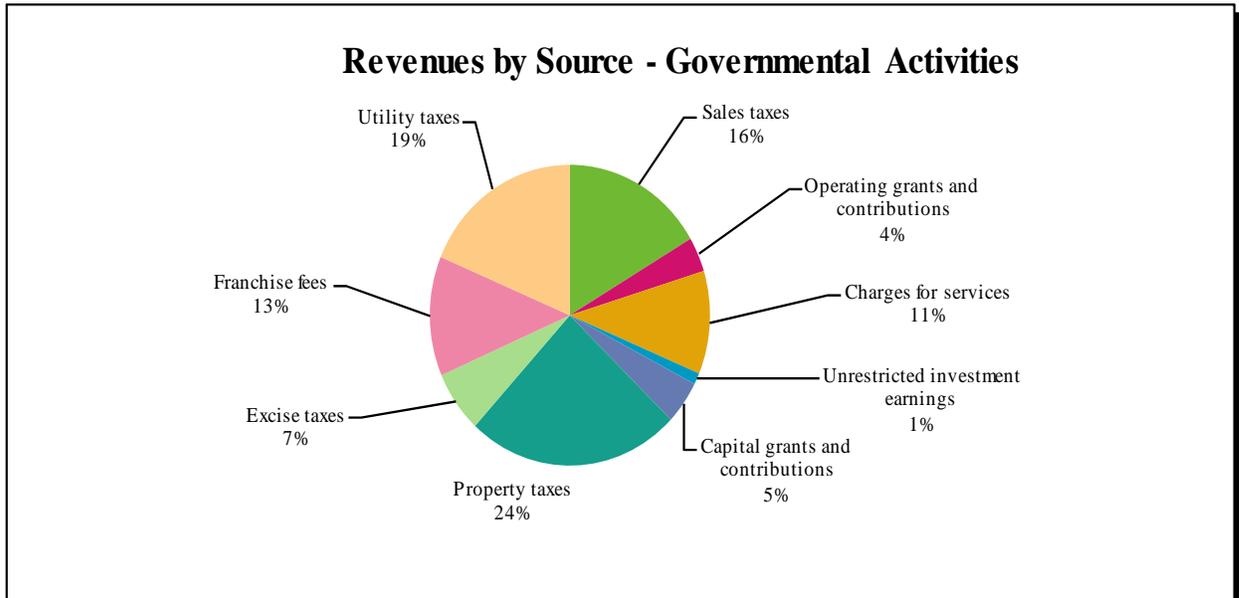
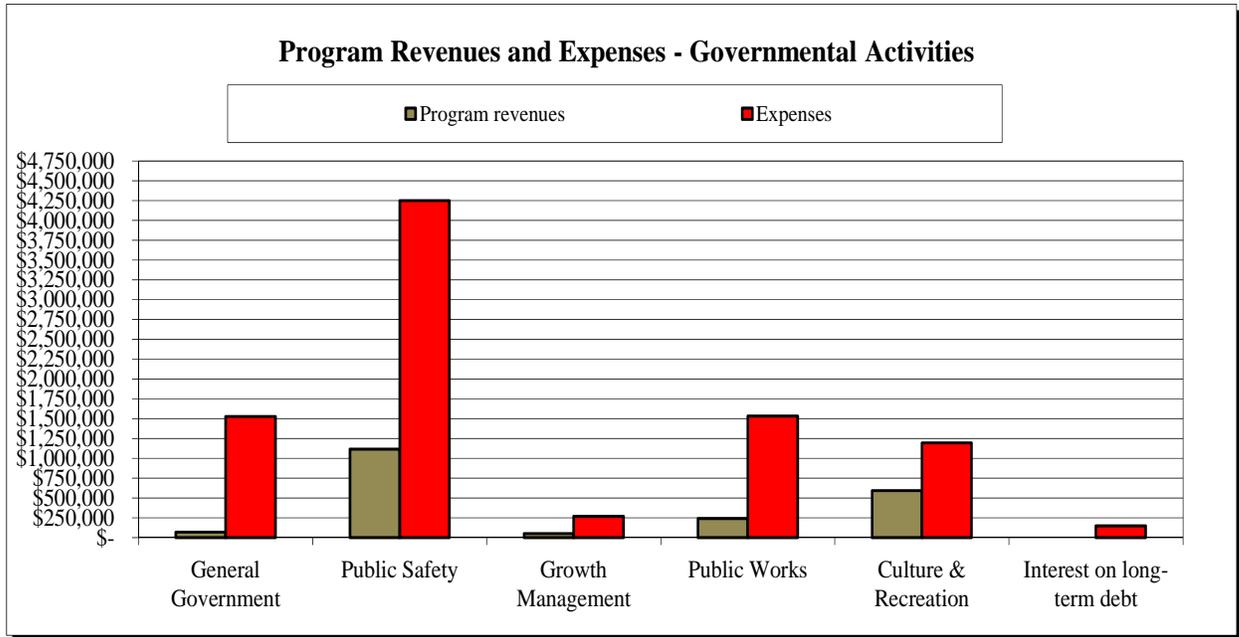
**Statement of activities.** As noted earlier, the statement of activities presents information showing how the Town's net assets changed during the current year. The following table reflects the condensed statement of activities for the current fiscal year as compared to the prior fiscal year.

**TOWN OF LADY LAKE'S CHANGES IN NET ASSETS**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Revenues:						
Program revenues:						
Charges for services	\$ 1,176,702	\$ 1,232,220	\$ 2,103,889	\$ 1,925,337	\$ 3,280,591	\$ 3,157,557
Operating grants and contributions	396,452	313,310	1,890	-	398,342	313,310
Capital grants and contributions	493,353	559,587	34,488	836,819	527,841	1,396,406
General revenues:						
Property taxes	2,611,571	2,717,691	-	-	2,611,571	2,717,691
Sales taxes	1,751,849	1,591,571	-	-	1,751,849	1,591,571
Franchise fees	1,365,739	1,449,685	-	-	1,365,739	1,449,685
Utility taxes	1,980,086	1,976,462	-	-	1,980,086	1,976,462
Excise taxes	703,755	699,282	-	-	703,755	699,282
Unrestricted investment earnings	130,564	202,738	22,929	63,324	153,493	266,062
<b>Total Revenues</b>	<b>10,610,071</b>	<b>10,742,546</b>	<b>2,163,196</b>	<b>2,825,480</b>	<b>12,773,267</b>	<b>13,568,026</b>
Expenses:						
General Government	1,526,644	1,717,836	-	-	1,526,644	1,717,836
Public Safety	4,252,583	4,521,168	-	-	4,252,583	4,521,168
Growth Management	267,673	246,849	-	-	267,673	246,849
Public Works	1,531,843	1,380,692	-	-	1,531,843	1,380,692
Culture and Recreation	1,195,056	1,000,149	-	-	1,195,056	1,000,149
Interest on long-term deb	148,077	133,743	-	-	148,077	133,743
Utility Services	-	-	2,682,351	2,737,156	2,682,351	2,737,156
<b>Total Expenses</b>	<b>8,921,876</b>	<b>9,000,437</b>	<b>2,682,351</b>	<b>2,737,156</b>	<b>11,604,227</b>	<b>11,737,593</b>
Change in net assets before transfers	1,688,195	1,742,109	(519,155)	88,324	1,169,040	1,830,433
Transfers	(590,127)	(606,125)	590,127	606,125	-	-
Change in net assets	1,098,068	1,135,984	70,972	694,449	1,169,040	1,830,433
Net Assets - 10/1/2010	17,363,268	16,227,284	23,454,470	22,760,021	40,817,738	38,987,305
Net Assets - 9/30/2011	<b>\$ 18,461,336</b>	<b>\$ 17,363,268</b>	<b>\$ 23,525,442</b>	<b>\$ 23,454,470</b>	<b>\$ 41,986,778</b>	<b>\$ 40,817,738</b>

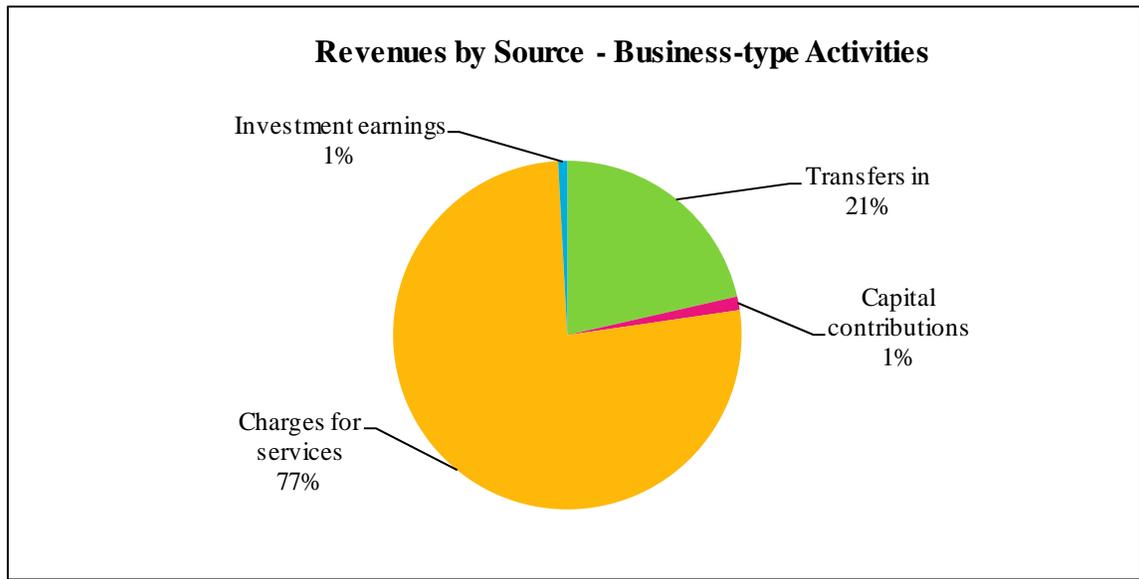
**TOWN OF LADY LAKE, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**

**Governmental activities.** Governmental activities increased the Town's net assets by \$1,098,984. The increase is primarily due to the investment in the New Town Library.



**TOWN OF LADY LAKE, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**

**Business-type activities.** Business-type activities increased the Town's net assets by \$70,972. The increase is due primarily to the collection of water, sewer and reuse impact fees of \$34,488. The percentage breakdown of the business-type activities revenues can be seen below. The transfers increased by 2.7%, investment earnings decreased by 1%, charges for services increased by 8.5% compared to prior year. Capital contributions decreased from 24% of total revenue to 1% as a result of The Town not receiving any developer contributions of water and sewer infrastructure and significantly fewer impact fees collected this year.



**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

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

As of the end of fiscal year 2011, the Town's governmental funds reported combined ending fund balances of \$7,440,814, a decrease of \$1,965 in comparison with the prior year. Approximately 68% of this total amount (\$5,061,025) constitutes the unassigned fund balance that is available for spending at the Town's discretion. The remainder of the fund balance is not available for new spending. The various constraints placed on these funds are as follows: Non-spendable \$141,268 for Prepaids and Real Property Held For Resale; Restricted \$1,634,060 for Education, Police Training & Equipment, and Recreation Capital Improvements; Assigned \$21,431 for Police USPCA Activities, Tree

**TOWN OF LADY LAKE, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**

Beautification and Police Officers' Trust. Restricted for Infrastructure in the Sales Tax Revenue Fund was \$583,030.

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

The General Fund is the primary operating fund of the Town. As of the end of fiscal year 2011, the fund balance of the General Fund was \$6,857,784, of which \$1,796,759 was dedicated for purposes other than general spending. The total fund balance increased by \$306,394 of which \$753,810 increased the unassigned fund balance. This was a result of excess of revenues collected over estimates and personal services expenditures reduced due to vacancies. Otherwise non-spendable, restricted or assigned fund balance decreased by \$447,416, largely due to the completion of the new Town Library.

The Sales Tax Revenue Fund had a fund balance of \$583,030 at the end of the fiscal year, a decrease of \$308,359 from the prior year. Of this amount, 100% is restricted for infrastructure improvements. The decrease is the result of a budgeted transfer (\$482,608) to the General Fund for the New Library Project costs, net of excess of revenue collected over debt services payments for the current year.

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

As of the end of fiscal year 2011, the Town's Utility Fund reported unrestricted net assets of \$1,541,857, an increase of \$329,078 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 14% or \$1,453,868. The major portion of this increase was due to the re-appropriation of funds for the New Town Library from Lake County Library Impact Fees (\$900,000) and a transfer from the Special Revenue Fund (\$482,608).

**CAPITAL ASSETS**

The Town's investment in capital assets for its governmental and business-type activities as of September 30, 2011, amounts to \$36,300,204 (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 increase in the Town's investment in capital assets for the current fiscal year was \$2,221,523, largely due to the completion of the new Town Library.

**TOWN OF LADY LAKE, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**

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 \$1,919,098 (Construction completed April 2011)
- Engineering Costs for Sidewalks \$112,166
- Depot Canopies for Motor Pool Building \$6,437
- Shed at Fuel Depot \$4,048
- Deck Replacement at Historical Society \$32,604
- Gate at Public Works \$10,652
- Three Dell Laptops for the Police Department \$4,554
- Tactical Weapons for the Police Department \$7,572
- 6 Computers for the new Library \$6,637
- 2 Single Sided Booths for new Library \$3,429
- Pop Ad Digital Sign for new Library \$3,680
- Mower with Weedeater Conversion for the Public Works Department \$16,756
- Shade System for Parks and Recreation \$25,372
- 2 Bleachers Installed at Soccer Field \$8,031

Business-type funds:

- Supervisory Control And Data Acquisition (SCADA) System - Control Panels for the Sewer Department \$51,203

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

	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 1,660,349	\$ 1,660,349	\$ 509,453	\$ 509,453	\$ 2,169,802	\$ 2,169,802
Buildings	9,824,915	4,333,085	247,933	259,703	10,072,848	4,592,788
Utility systems			20,563,223	21,437,358	20,563,223	21,437,358
Improvements other than buildings	1,092,067	1,119,038	-	-	1,092,067	1,119,038
Furniture and equipmer	683,749	928,997	454,160	534,292	1,137,909	1,463,289
Infrastructure	1,150,531	1,209,056	-	-	1,150,531	1,209,056
Construction in Progres	112,166	3,842,040	1,658	1,658	113,824	3,843,698
<b>Total Capital Assets</b>	<b>\$14,523,777</b>	<b>\$13,092,565</b>	<b>\$21,776,427</b>	<b>\$22,742,464</b>	<b>\$36,300,204</b>	<b>\$35,835,029</b>

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

**TOWN OF LADY LAKE, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**

**LONG-TERM DEBT**

At the end of fiscal year 2011, the Town had total long-term liability outstanding of \$5,949,917. Of this amount, \$64,787 represents the balance of capital lease agreements for police vehicles, \$3,303,604 is the balance of the Library expansion borrowing secured by the one cent sales surtax revenue, \$2,116,352 is utility debt secured by the one cent sales surtax revenue, and \$121,248 is debt secured by water and sewer utility system revenues. The balance of \$343,926 represents amounts due for compensated absences.

The Town's total debt decreased by \$831,353 for fiscal year 2011 due to normal principal debt service payments.

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

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

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

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

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

The Town's net taxable value of commercial and residential property decreased 4.3% in tax year 2011 as compared to tax year 2010. This decrease in taxable value was due to 3.95% of reduced taxable values due to market conditions and Amendment 1 provisions which was partially offset by 1.34% of new construction taxable values. Despite this reduction in taxable value which reduced ad valorem tax revenue, the Town Commission set the millage rate at 3.2808 mills for fiscal year 2012 which was the same rate as fiscal year 2011.

**TOWN OF LADY LAKE, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**

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

Effective October 1, 2011, the water and reuse rates were increased by 1.6%, which was the increase in CPI-U from January 2010 to January 2011.

**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, 2011**

<u>ASSETS</u>	GOVERNMENTAL <u>ACTIVITIES</u>	BUSINESS-TYPE <u>ACTIVITIES</u>	<u>TOTAL</u>
Cash and Equivalents	\$ 2,265,935	\$ 1,208,673	\$ 3,474,608
Investments	4,778,787	125,082	4,903,869
Receivables (net of allowance for uncollectibles)	222,815	238,551	461,366
Due from Other Governments	459,031	-	459,031
Internal Balances	2,825	(2,825)	-
Assets Held for Resale	97,846	-	97,846
Inventory and Prepaid Items	43,422	52,202	95,624
Restricted Cash	-	1,618,147	1,618,147
Deferred Charges	-	101,907	101,907
Sewer Capacity Reservation Agreement (net of accumulated amortization)	-	1,230,226	1,230,226
Capital Assets (net of accumulated depreciation):			
Land	1,660,349	509,453	2,169,802
Buildings and Utility Systems	9,824,915	20,811,156	30,636,071
Improvements Other Than Buildings	1,092,067	-	1,092,067
Equipment	683,749	454,160	1,137,909
Infrastructure	1,150,531	-	1,150,531
Construction in Progress	112,166	1,658	113,824
Net Pension Obligation	142,513	-	142,513
<b>Total Assets</b>	<b>22,536,951</b>	<b>26,348,390</b>	<b>48,885,341</b>
 <u>LIABILITIES</u> 			
Accounts Payable	198,764	34,360	233,124
Accrued Liabilities	98,948	12,586	111,534
Accrued Interest Payable	14,118	7,760	21,878
Customer Deposits	-	478,080	478,080
Due to Other Governments	21,930	-	21,930
Unearned Revenue	50,343	31,757	82,100
Noncurrent Liabilities:			
Due within one year	335,309	757,958	1,093,267
Due in more than one year	3,356,203	1,500,447	4,856,650
<b>Total Liabilities</b>	<b>4,075,615</b>	<b>2,822,948</b>	<b>6,898,563</b>
 <u>NET ASSETS</u> 			
Invested in Capital Assets, net of related debt	11,155,386	20,844,418	31,999,804
Restricted for:			
Capital Improvements	18,694	1,075,399	1,094,093
Debt Service	-	63,768	63,768
Police	24,520	-	24,520
Education	1,590,846	-	1,590,846
Unrestricted	5,671,890	1,541,857	7,213,747
<b>Total Net Assets</b>	<b>\$ 18,461,336</b>	<b>\$ 23,525,442</b>	<b>\$ 41,986,778</b>

*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, 2011**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental Activities:				
General Government	\$ 1,526,644	\$ 33,050	\$ 34,890	\$ -
Public Safety	4,252,583	1,049,975	58,733	7,572
Growth Management	267,673	49,930	-	-
Public Works	1,531,843	16,475	112,657	112,166
Culture and Recreation	1,195,056	27,272	190,172	373,615
Interest on Long-term Debt	148,077	-	-	-
<b>Total Governmental Activities</b>	<b>8,921,876</b>	<b>1,176,702</b>	<b>396,452</b>	<b>493,353</b>
Business-Type Activities				
Water	1,091,782	1,044,641	1,890	11,992
Sewer	1,271,914	699,705	-	22,496
Garbage	318,655	359,543	-	-
<b>Total Business-Type Activities</b>	<b>2,682,351</b>	<b>2,103,889</b>	<b>1,890</b>	<b>34,488</b>
<b>Total</b>	<b>\$ 11,604,227</b>	<b>\$ 3,280,591</b>	<b>\$ 398,342</b>	<b>\$ 527,841</b>

General Revenues:

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

Total General Revenues and Transfers

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

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

NET (EXPENSE) REVENUE AND  
CHANGES IN NET ASSETS

<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
\$ (1,458,704)	\$ -	\$ (1,458,704)
(3,136,303)	-	(3,136,303)
(217,743)	-	(217,743)
(1,290,545)	-	(1,290,545)
(603,997)	-	(603,997)
(148,077)	-	(148,077)
<u>(6,855,369)</u>	<u>-</u>	<u>(6,855,369)</u>
-	(33,259)	(33,259)
-	(549,713)	(549,713)
-	40,888	40,888
<u>-</u>	<u>(542,084)</u>	<u>(542,084)</u>
<u>(6,855,369)</u>	<u>(542,084)</u>	<u>(7,397,453)</u>
2,611,571	-	2,611,571
1,751,849	-	1,751,849
1,365,739	-	1,365,739
1,980,086	-	1,980,086
703,755	-	703,755
130,564	22,929	153,493
(590,127)	590,127	-
<u>7,953,437</u>	<u>613,056</u>	<u>8,566,493</u>
1,098,068	70,972	1,169,040
<u>17,363,268</u>	<u>23,454,470</u>	<u>40,817,738</u>
<u>\$ 18,461,336</u>	<u>\$ 23,525,442</u>	<u>\$ 41,986,778</u>

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**TOWN OF LADY LAKE, FLORIDA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2011**

<u>ASSETS</u>	<u>GENERAL</u>	<u>SALES TAX REVENUE</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Cash and Equivalents	\$ 1,756,254	\$ 509,681	\$ 2,265,935
Investments	4,778,787	-	4,778,787
Accounts Receivable (net of allowance for uncollectibles)	222,815	-	222,815
Due from Other Funds	2,825	-	2,825
Due from Other Governments	357,029	102,002	459,031
Real Property Held for Resale	97,846	-	97,846
Prepaid Items	43,422	-	43,422
 Total Assets	 <u>\$ 7,258,978</u>	 <u>\$ 611,683</u>	 <u>\$ 7,870,661</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
<b>LIABILITIES:</b>			
Accounts Payable	\$ 198,764	\$ -	\$ 198,764
Accrued Liabilities	98,948	-	98,948
Due to Other Governments	1,328	-	1,328
Deferred Revenue	51,811	28,653	80,464
Unearned Revenue	50,343	-	50,343
 Total Liabilities	 <u>401,194</u>	 <u>28,653</u>	 <u>429,847</u>
<b>FUND BALANCES:</b>			
Nonspendable	141,268	-	141,268
Restricted	1,634,060	583,030	2,217,090
Assigned	21,431	-	21,431
Unassigned	5,061,025	-	5,061,025
 Total Fund Balances	 <u>6,857,784</u>	 <u>583,030</u>	 <u>7,440,814</u>
 Total Liabilities and Fund Balances	 <u>\$ 7,258,978</u>	 <u>\$ 611,683</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 \$21,673,668 less accumulated depreciation of \$7,149,891.			14,523,777
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			80,464
Net pension obligation is not an available financial resource and, therefore, is not reported as an asset in the funds.			142,513
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 \$3,303,604, capital leases \$64,787, accrued interest \$14,118, amounts due other governments \$20,602, and compensated absences \$323,121.			(3,726,232)
<b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>			<u>\$ 18,461,336</u>

*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, 2011**

	<u>GENERAL</u>	<u>SALES TAX REVENUE</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>REVENUES:</b>			
Taxes	\$ 6,213,256	\$ 1,108,224	\$ 7,321,480
Licenses and Permits	268,169	-	268,169
Intergovernmental	2,326,516	-	2,326,516
Charges for Services	171,293	-	171,293
Fines and Forfeitures	32,505	-	32,505
Miscellaneous	907,894	152	908,046
<b>Total Revenues</b>	<u>9,919,633</u>	<u>1,108,376</u>	<u>11,028,009</u>
<b>EXPENDITURES:</b>			
Current:			
General Government	1,407,678	-	1,407,678
Public Safety	4,039,535	-	4,039,535
Growth Management	260,165	-	260,165
Public Works	1,396,223	-	1,396,223
Culture and Recreation	1,047,000	-	1,047,000
Capital Outlay	2,018,776	-	2,018,776
Debt Service:			
Principal	120,892	-	120,892
Interest	150,480	-	150,480
<b>Total Expenditures</b>	<u>10,440,749</u>	<u>-</u>	<u>10,440,749</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(521,116)</u>	<u>1,108,376</u>	<u>587,260</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers In	826,608	-	826,608
Transfers Out	-	(1,416,735)	(1,416,735)
Sale of Capital Assets	902	-	902
<b>Total Other Financing Sources (Uses)</b>	<u>827,510</u>	<u>(1,416,735)</u>	<u>(589,225)</u>
<b>Net Change in Fund Balances</b>	306,394	(308,359)	(1,965)
Fund Balance, Beginning of Year	<u>6,551,390</u>	<u>891,389</u>	<u>7,442,779</u>
Fund Balance, End of Year	<u>\$ 6,857,784</u>	<u>\$ 583,030</u>	<u>\$ 7,440,814</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, 2011**

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

Net Change in Fund Balances - Total Governmental Funds	\$ (1,965)
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, \$2,147,603 exceeded depreciation, \$737,279 in the current period.	1,410,324
The net effect of various sales and other dispositions of capital assets is to decrease net assets.	(604)
Donations of capital assets increases net assets in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources.	21,492
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. Infrastructure surtaxes, \$1,976. Communications Services Tax \$49,448. County grants \$(540,000). Federal Grants \$49,146	(439,430)
Interest accrued on long-term debt reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds.	2,403
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.	120,892
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.	(10,328)
Changes in the Net Pension Obligation do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.	<u>(4,716)</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 1,098,068</u></u>

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

**TOWN OF LADY LAKE, FLORIDA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<b>REVENUES:</b>				
Taxes	\$ 6,160,469	\$ 6,154,897	\$ 6,213,256	\$ 58,359
Licenses and Permits	250,600	260,271	268,169	7,898
Intergovernmental	1,331,617	2,382,083	2,326,516	(55,567)
Charges for Services	167,300	173,363	171,293	(2,070)
Fines and Forfeitures	60,100	31,432	32,505	1,073
Miscellaneous	834,150	848,531	907,894	59,363
<b>Total Revenues</b>	<b>8,804,236</b>	<b>9,850,577</b>	<b>9,919,633</b>	<b>69,056</b>
<b>EXPENDITURES:</b>				
Current:				
General Government	1,565,857	1,423,876	1,407,678	16,198
Public Safety	4,457,768	4,125,194	4,039,535	85,659
Growth Management	335,091	271,661	260,165	11,496
Public Works	1,430,854	1,431,888	1,396,223	35,665
Culture and Recreation	1,003,126	1,056,196	1,046,999	9,197
Capital Outlay	89,217	2,026,966	2,018,777	8,189
Debt Service	271,373	271,373	271,372	1
<b>Total Expenditures</b>	<b>9,153,286</b>	<b>10,607,154</b>	<b>10,440,749</b>	<b>166,405</b>
Deficiency of Revenues Under Expenditures	(349,050)	(756,577)	(521,116)	235,461
<b>OTHER FINANCING SOURCES:</b>				
Transfers In	338,000	826,608	826,608	-
Sale of Capital Assets	1,000	902	902	-
<b>Total Other Financing Sources</b>	<b>339,000</b>	<b>827,510</b>	<b>827,510</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(10,050)</b>	<b>70,933</b>	<b>306,394</b>	<b>235,461</b>
Fund Balance, Beginning of Year	6,551,390	6,551,390	6,551,390	-
<b>Fund Balance, End of Year</b>	<b>\$ 6,541,340</b>	<b>\$ 6,622,323</b>	<b>\$ 6,857,784</b>	<b>\$ 235,461</b>

*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, 2011**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
<b>REVENUES:</b>				
Taxes	\$ 990,000	\$ 1,100,000	\$ 1,108,224	\$ 8,224
Miscellaneous	-	-	152	152
<b>Total Revenues</b>	<u>990,000</u>	<u>1,100,000</u>	<u>1,108,376</u>	<u>8,376</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers Out	(934,128)	(1,416,736)	(1,416,735)	1
<b>Total Other Financing Sources (Uses)</b>	<u>(934,128)</u>	<u>(1,416,736)</u>	<u>(1,416,735)</u>	<u>1</u>
<b>Net Change in Fund Balance</b>	55,872	(316,736)	(308,359)	8,377
Fund Balance, Beginning of Year	<u>891,389</u>	<u>891,389</u>	<u>891,389</u>	-
Fund Balance, End of Year	<u>\$ 947,261</u>	<u>\$ 574,653</u>	<u>\$ 583,030</u>	<u>\$ 8,377</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, 2011**

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<u>ASSETS</u>	<u>UTILITY FUND</u>
<b>CURRENT ASSETS:</b>	
Cash	\$ 1,208,673
Investments	125,082
Restricted Cash:	
State Revolving Fund Loan Reserves	41,847
Customer Deposits	478,080
Customer Receivables, net of allowance for uncollectibles	238,551
Inventory	51,202
Prepaid Items	1,000
	<hr/>
Total Current Assets	2,144,435
<b>NONCURRENT ASSETS:</b>	
Restricted Cash:	
State Revolving Fund Loan Reserves	22,821
Capital Improvements	1,075,399
	<hr/>
Total Restricted Cash	1,098,220
	<hr/>
Deferred Engineering Costs	75,365
	<hr/>
Loan Costs	26,542
	<hr/>
Sewer Capacity Reservation Agreement, net of accumulated amortization	1,230,226
	<hr/>
Capital Assets:	
Land	509,453
Buildings	346,587
Utility Systems	26,228,933
Equipment	1,517,685
Construction in Progress	1,658
	<hr/>
	28,604,316
Less Accumulated Depreciation	6,827,889
	<hr/>
Net Capital Assets	21,776,427
	<hr/>
Total Noncurrent Assets	24,206,780
	<hr/>
Total Assets	26,351,215
	<hr/>

**TOWN OF LADY LAKE, FLORIDA**  
**STATEMENT OF NET ASSETS (Continued)**  
**PROPRIETARY FUND**  
**SEPTEMBER 30, 2011**

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<u>LIABILITIES</u>	<u>UTILITY FUND</u>
<b>CURRENT LIABILITIES:</b>	
Accounts Payable	\$ 34,360
Accrued Expenses	12,586
Compensated Absences	19,516
Due to Other Funds	2,825
Accrued Interest Payable	7,760
Customer Deposits	478,080
Loans Payable - Current	<u>738,442</u>
Total Current Liabilities	<u>1,293,569</u>
<b>NONCURRENT LIABILITIES:</b>	
Compensated Absences	1,289
Unearned Revenue	31,757
State Revolving Fund Loan	41,123
SunTrust Loan	<u>1,458,035</u>
Total Noncurrent Liabilities	<u>1,532,204</u>
Total Liabilities	<u>2,825,773</u>
 <u>NET ASSETS</u> 	
Invested in Capital Assets, net of related debt	20,844,418
Restricted for Capital Improvements	1,075,399
Restricted for Debt Service	63,768
Unrestricted	<u>1,541,857</u>
Total Net Assets	<u><u>\$23,525,442</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, 2011**

	UTILITY FUND
<b>OPERATING REVENUES:</b>	
Water Sales	\$ 981,641
Sewer Revenue	572,365
Reuse Water Sales	108,299
Connection Fees	35,601
Garbage Revenue	359,543
Late Fees and Other Revenue	46,440
Total Operating Revenues	2,103,889
<b>OPERATING EXPENSES:</b>	
Personal Services	567,458
Garbage Contract Services	318,655
Other Operating Expenses	621,262
Depreciation and Amortization	1,057,520
Total Operating Expenses	2,564,895
Net Operating Loss	(461,006)
<b>NONOPERATING REVENUES (EXPENSES):</b>	
Interest Revenue	2,156
Increase in Fair Value of Investments	20,773
Miscellaneous Revenue	4,216
Debt Issuance Costs	(19,048)
Interest Expense	(100,734)
Total Nonoperating Revenues (Expenses)	(92,637)
Loss Before Contributions and Transfers	(553,643)
<b>CAPITAL CONTRIBUTIONS:</b>	
Water, Sewer, and Reuse Impact Fees	34,488
<b>TRANSFERS IN</b>	730,127
<b>TRANSFERS OUT</b>	(140,000)
Change in Net Assets	70,972
Total Net Assets, Beginning of Year	23,454,470
Total Net Assets, End of Year	\$ 23,525,442

*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, 2011**

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	<u>UTILITY FUND</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash Received from Customers	\$ 2,099,531
Cash Payments to Employees for Services	(595,609)
Cash Payments to Suppliers for Goods and Services	<u>(938,989)</u>
Net Cash Provided by Operating Activities	<u>564,933</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Miscellaneous Revenue	4,216
Transfer to General Fund	<u>(140,000)</u>
Net Cash Used In Noncapital Financing Activities	<u>(135,784)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Transfer from Sales Tax Revenue Fund	730,127
Capital Contributions	34,488
Interest Paid on Capital Debt	(103,361)
Principal Repayments on Capital Debt	(710,461)
Acquisition and Construction of Capital Assets	<u>(52,955)</u>
Net Cash Used In Capital and Related Financing Activities	<u>(102,162)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Sale of Investments	42,826
Interest Received	<u>2,156</u>
Net Cash Provided by Investing Activities	<u>44,982</u>
NET INCREASE IN CASH	371,969
Cash at Beginning of Year	<u>2,454,851</u>
Cash at End of Year	<u><u>\$ 2,826,820</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, 2011**

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	<u>UTILITY FUND</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Loss	<u>\$ (461,006)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and Amortization	1,057,520
Increase in Customer Receivables	(17,056)
Increase in Inventory	(1,116)
Increase in Accounts Payable	1,951
Increase in Due to Other Funds	93
Decrease in Accrued Expenses	(24,296)
Decrease in Compensated Absences	(3,855)
Increase in Customer Deposits	<u>12,698</u>
 Total Adjustments	 <u>1,025,939</u>
 Net Cash Provided by Operating Activities	 <u><u>\$ 564,933</u></u>
 NONCASH CAPITAL ACTIVITIES:	
Utility system construction on account	\$ (527)
 NONCASH INVESTING ACTIVITIES:	
Increase in Fair Value of Investments	20,773

*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, 2011**

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<u>ASSETS</u>	<u>PENSION TRUST FUNDS</u>
Investments with Trustees:	
Cash Management Funds	\$ 885,789
Corporate Equities	2,768,803
Corporate and Foreign Bonds	792,694
Municipal Obligations	44,870
U S Government Securities	115,406
	<hr/>
Total Assets	4,607,562
	<hr/>
<u>LIABILITIES</u>	
Accounts Payable	8,980
	<hr/>
<u>NET ASSETS</u>	
Held in Trust for Officers' Contributions	447,004
Held in Trust for Town's Contributions	1,561,485
Held in Trust for Pension Benefits	2,590,093
	<hr/>
Total Net Assets	\$ 4,598,582
	<hr/> <hr/>

*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, 2011**

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	<u>PENSION TRUST FUNDS</u>
<u>ADDITIONS</u>	
Contributions:	
Town	\$ 355,971
Employees	75,640
State of Florida	<u>88,123</u>
Total Contributions	<u>519,734</u>
Investment Income:	
Net Depreciation in Fair Value of Investments	(67,694)
Dividend Income	37,194
Interest Income	<u>45,900</u>
Total Investment Income	15,400
Less Investment Expense	<u>(44,375)</u>
Net Investment Income	<u>(28,975)</u>
Total Additions	<u>490,759</u>
<u>DEDUCTIONS</u>	
Retirement Benefits	185,086
Refunds of Contributions	61,384
Administration Expense	<u>21,318</u>
Total Deductions	<u>267,788</u>
CHANGE IN NET ASSETS	222,971
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:	
Beginning of Year	<u>4,375,611</u>
End of Year	<u><u>\$ 4,598,582</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, 2011**

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**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, 2011**

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**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, 2011**

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**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 0.24% as of September 30, 2011. 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, 2011, shares in the Fund B pool are stated net of a fair value factor of 0.7568386.

**TOWN OF LADY LAKE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

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**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, 2011.

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, 2011**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

H. Amortization

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

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

I. Compensated Absences

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

J. Long-term Obligations

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

K. Fund Equity

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

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

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

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

**TOWN OF LADY LAKE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Assigned fund balance* – amounts the Town intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

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

The Town Commission establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. Assigned fund balance is established by the City Commission by passage of an ordinance or resolution.

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

L. Transfers

Transfers of \$140,000 are made from the Utility Fund to the General Fund for utility billing administrative costs. Transfers are made from the Sales Tax Revenue Fund to the General Fund (\$686,608) and to the Utility Fund (\$730,127) in order to use infrastructure surtax revenues on qualified "infrastructure" expenditures.

**NOTE 2 BUDGETING**

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

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

**TOWN OF LADY LAKE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

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**NOTE 2 BUDGETING (continued)**

- 6) Annual budgets are adopted for all governmental fund types on a basis consistent with generally accepted accounting principles. The enterprise (Utility) fund budget is adopted on a basis other than generally accepted accounting principles. Budgets are not adopted for the pension trust funds.

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

**NOTE 3 BUDGETARY BASIS OF ACCOUNTING**

The Town Commission adopts annual budgets for each of the Town's funds, except for the pension trust funds. The budget for the Utility Fund is adopted on an accounting basis other than in accordance with generally accepted accounting principles (GAAP). Adjustments necessary to convert the results of operations for the year ended September 30, 2011 from the GAAP basis to the budget basis are as follows:

<u>Utility Fund</u>	
Change in Net Assets, GAAP Basis	\$ 70,972
Increase due to depreciation	1,018,465
Decrease due to debt principal paid	(710,461)
Decrease due to equipment purchases	(51,203)
Decrease due to utility system construction	<u>(1,225)</u>
Excess of Revenues Over Expenses, Budget Basis	<u>\$ 326,548</u>

**NOTE 4 CASH DEPOSITS AND INVESTMENTS**

Cash Deposits

At September 30, 2011, the carrying amount of the Town's cash deposits, including funds in bank money market investments, was \$5,092,755. The actual bank balances at September 30, 2011 totaled \$5,418,785, 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, 2011**

**NOTE 4 CASH DEPOSITS AND INVESTMENTS (continued)**

Investments

The Town's investments at September 30, 2011 are categorized below.

	<u>Fair Value</u>
General Fund Investments:	
1-3 Year Mutual Bond Fund	\$ 1,903,681
Intermediate Mutual Bond Fund	2,875,106
Utility Fund Investments:	
State Board Fund B Pool	125,082
Pension Trust Fund Investments:	
Money Market Funds	885,789
Corporate Equities	2,768,803
Corporate Bonds	792,694
Municipal Obligations	44,870
US Government Securities	115,406
	<u>\$9,511,431</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 1.64 years (1-3 year bond fund) and 3.59 years (intermediate bond fund). The Fund B Pool has a weighted average life of 4.82 years. The Town's investment policy does not specifically address interest rate risk.

**NOTE 5 RECEIVABLES**

Accounts receivable at September 30, 2011 are as follows:

	<u>General Fund</u>	<u>Utility Fund</u>
Customer Accounts Receivable	\$ -	\$ 185,062
Franchise and Utility Taxes	213,023	-
Other Receivables	16,887	82,689
Less Allowance for Uncollectibles	(7,095)	(29,200)
Net Receivables	<u>\$ 222,815</u>	<u>\$ 238,551</u>

Bad debt expense in the Utility Fund for the year ended September 30, 2011 was \$8,930.

**TOWN OF LADY LAKE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE 6 CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2011 was as follows:

	September 30, 2010	Additions	Transfers/ Disposals	September 30, 2011
<b>Governmental Activities:</b>				
Land (not being depreciated)	\$ 1,660,349	\$ -	\$ -	\$ 1,660,349
Construction in Progress	3,842,040	2,031,264	(5,761,138)	112,166
	<u>5,502,389</u>	<u>2,031,264</u>	<u>(5,761,138)</u>	<u>1,772,515</u>
<b>Capital assets being depreciated:</b>				
Buildings	6,283,064	10,485	5,761,138	12,054,687
Improvements	1,885,202	46,204	-	1,931,406
Equipment	4,453,132	81,142	(99,661)	4,434,613
Infrastructure	1,480,447	-	-	1,480,447
	<u>14,101,845</u>	<u>137,831</u>	<u>5,661,477</u>	<u>19,901,153</u>
<b>Less accumulated depreciation for:</b>				
Buildings	(1,949,979)	(279,793)	-	(2,229,772)
Improvements	(766,164)	(73,175)	-	(839,339)
Equipment	(3,524,135)	(325,786)	99,057	(3,750,864)
Infrastructure	(271,391)	(58,525)	-	(329,916)
	<u>(6,511,669)</u>	<u>(737,279)</u>	<u>99,057</u>	<u>(7,149,891)</u>
<b>Total Being Depreciated, net</b>	<u>7,590,176</u>	<u>(599,448)</u>	<u>5,760,534</u>	<u>12,751,262</u>
<b>Governmental Activities Capital Assets, net</b>	<u>\$ 13,092,565</u>	<u>\$ 1,431,816</u>	<u>\$ (604)</u>	<u>\$ 14,523,777</u>
<b>Business-Type Activities:</b>				
Land (not being depreciated)	\$ 509,453	\$ -	\$ -	\$ 509,453
Construction in Progress	1,658	-	-	1,658
	<u>511,111</u>	<u>-</u>	<u>-</u>	<u>511,111</u>
<b>Capital assets being depreciated:</b>				
Buildings	346,587	-	-	346,587
Utility Systems	26,227,708	1,225	-	26,228,933
Equipment	1,489,134	51,203	(22,652)	1,517,685
	<u>28,063,429</u>	<u>52,428</u>	<u>(22,652)</u>	<u>28,093,205</u>
<b>Less accumulated depreciation for:</b>				
Buildings	(86,884)	(11,770)	-	(98,654)
Utility Systems	(4,790,350)	(875,360)	-	(5,665,710)
Equipment	(954,842)	(131,335)	22,652	(1,063,525)
	<u>(5,832,076)</u>	<u>(1,018,465)</u>	<u>22,652</u>	<u>(6,827,889)</u>
<b>Total Being Depreciated, net</b>	<u>22,231,353</u>	<u>(966,037)</u>	<u>-</u>	<u>21,265,316</u>
<b>Business-Type Activities Capital Assets, net</b>	<u>\$ 22,742,464</u>	<u>\$ (966,037)</u>	<u>\$ -</u>	<u>\$ 21,776,427</u>

**TOWN OF LADY LAKE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

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**NOTE 6 CAPITAL ASSETS (continued)**

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

Governmental Activities:	
General Government	\$ 129,081
Public Safety	210,787
Growth Management	7,487
Public Works	164,247
Culture and Recreation	<u>225,677</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 737,279</u></u>
Business-type Activities:	
Water	\$ 333,949
Sewer	684,516
Garbage	<u>-</u>
Total Depreciation Expense - Business-type Activities	<u><u>\$1,018,465</u></u>

**NOTE 7 SEWER CAPACITY RESERVATION AGREEMENT**

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

Effective April 2, 2003, the Town and the VCCDD entered into a new, 40-year Interlocal Agreement for sewer capacity reservation and bulk treatment. The capacity reservation is for 250,000 gallons of wastewater per day, with an initial price for treatment of \$3.02 per 1,000 gallons. A provision for annual price adjustments is included, based on mutual agreement or, if agreement cannot be reached, a set formula based on the consumer price index. The treatment price at September 30, 2011 was \$3.42 per 1,000 gallons. The agreement also grants the Town the option, during the first 10 years of the agreement, to purchase up to an additional 250,000 gallons per day of treatment capacity in not less than 50,000 gallon per day increments, and includes a formula for computing the option price based on the amount of capacity purchased.

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

**TOWN OF LADY LAKE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

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**NOTE 7 SEWER CAPACITY RESERVATION AGREEMENT (continued)**

The original Sewer Capacity Reservation Agreement has been recorded in the Utility Fund at its historical cost of \$826,506. The net book value on April 2, 2003 was \$737,635. At September 30, 2011, the total cost of sewer capacity reservations, which includes the 2004 purchases, was \$1,629,006. Amortization for the year ended September 30, 2011 totaled \$39,055. Accumulated amortization at September 30, 2011 was \$398,780, and the net book value was \$1,230,226.

**NOTE 8 LONG-TERM DEBT**

Capital Lease

On November 12, 2008, the Town entered into a master lease agreement with SunTrust Equipment Finance & Leasing Corp. Under this 4 year capital lease, the Town acquired 10 Chevrolet police vehicles, which have been recorded at the present value of the future minimum lease payment of \$251,000. The Town 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, 2011 were as follows.

	<u>Sun Trust</u>
Year ending September 30, 2012	\$ 67,373
Less amount representing interest	<u>(2,586)</u>
Present value of minimum lease payments	<u>\$ 64,787</u>

State Revolving Fund Loan

On July 20, 2000, the Town entered into a loan agreement with the State of Florida Department of Environmental Protection under the Clean Water State Revolving Fund loan program. The purpose of the loan was to provide funding for planning and engineering the expansion of the Town's water and sewer utility systems. The 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, 2011, interest totaling \$6,316 was paid on the loan.

**TOWN OF LADY LAKE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE 8 LONG-TERM DEBT (continued)**

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, 2011 were as follows:

Loan Debt Service Account	\$ 41,847
Loan Reserve Account	<u>22,821</u>
 Total	 <u><u>\$ 64,668</u></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>
1/15/12	\$ 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><u>\$121,248</u></u>	<u><u>\$ 4,293</u></u>	<u><u>\$125,541</u></u>

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, 2011 totaled \$97,044. 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>
9/30/12	\$ 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	<u>60,649</u>	<u>197</u>	<u>60,846</u>
	<u><u>\$2,116,352</u></u>	<u><u>\$ 134,865</u></u>	<u><u>\$2,251,217</u></u>

**TOWN OF LADY LAKE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE 8 LONG-TERM DEBT (continued)**

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 \$145,410. The schedule of remaining annual debt service requirements for the note are as follows:

Year	Principal	Interest	Payment
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
9/30/16	865,686	82,314	948,000
Thereafter	<u>1,417,221</u>	<u>50,754</u>	<u>1,467,975</u>
	<u>\$ 3,303,604</u>	<u>\$ 672,371</u>	<u>\$ 3,975,975</u>

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2011 was as follows:

	Balances 10/1/2010	Additions	Principal Reductions	Balances 9/30/2011	Due within One Year
Governmental Activities:					
SunTrust Loan	\$ 3,362,194	\$ -	\$ (58,590)	\$ 3,303,604	\$ 61,197
SunTrust Capital Lease	127,089	-	(62,302)	64,787	64,787
Compensated Absences	<u>312,793</u>	<u>211,903</u>	<u>(201,575)</u>	<u>323,121</u>	<u>209,325</u>
Governmental Activity Long-Term Liabilities	<u>\$ 3,802,076</u>	<u>\$ 211,903</u>	<u>\$ (322,467)</u>	<u>\$ 3,691,512</u>	<u>\$ 335,309</u>
Business-type Activities:					
State Revolving Fund					
Loan	\$ 198,626	\$ -	\$ (77,378)	\$ 121,248	\$ 80,125
SunTrust Loan	2,749,435	-	(633,083)	2,116,352	658,317
Compensated Absences	<u>24,660</u>	<u>16,440</u>	<u>(20,295)</u>	<u>20,805</u>	<u>19,516</u>
Business-type Activity Long-term Liabilities	<u>\$ 2,972,721</u>	<u>\$ 16,440</u>	<u>\$ (730,756)</u>	<u>\$ 2,258,405</u>	<u>\$ 757,958</u>

**TOWN OF LADY LAKE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE 9 OTHER DISCLOSURES**

- (1) There were no funds that had excess of expenditures over appropriations at the fund level for the year ended September 30, 2011.
- (2) Individual fund interfund receivable and payable balances at September 30, 2011:

	Receivable	Payable
General Fund	\$ 2,825	\$ -
Utility Fund	-	(2,825)

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, 2011.
- (4) The following details the various constraints placed on fund balances in the governmental funds at September 30, 2011:

General Fund

Nonspendable - Prepays	\$ 43,422
Nonspendable - Assets Held for Resale	97,846
Total Nonspendable	\$ 141,268
Restricted for Police Training and Equipment	\$ 24,520
Restricted for Education	1,590,846
Restricted for Recreation Capital Improvements	18,694
Total Restricted	\$ 1,634,060
Assigned to Police Officers' Trust	\$ 3,489
Assigned to Police USPCA activities	9,257
Assigned to Tree Beautification	8,685
Total Assigned	\$ 21,431
<u>Sales Tax Revenue Fund</u>	
Restricted for Infrastructure	\$ 583,030

Fund balances restricted for infrastructure represent unspent discretionary sales surtax amounts that are required by Florida Statute to be spent on "infrastructure". Infrastructure is defined as public facilities with a useful life of at least five years. The Statute permits these funds to be spent on debt related to the construction or acquisition of infrastructure, and also permits the purchase of certain emergency vehicles.

**TOWN OF LADY LAKE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

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**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, 2011, 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 26 Officers in the plan at September 30, 2011, five had vested retirement benefits. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Contributions Required Police Officers are required to contribute five percent of their annual salary to the plan. The plan is also funded by a .85% State excise tax on all casualty insurance policies covering property within the corporate limits of the Town. For the year ended September 30, 2011, the Town collected \$88,123 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, 2011**

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**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, 2011 was 20.5% from the Town and 5.0% from the Police Officers, for a total of 25.5% of covered payroll.

Funded Status and Funding Progress

The Funded status of the plan as of October 1, 2011 was as follows:

Actuarial accrued liability (AAL)	\$4,128,690
Actuarial value of plan assets	<u>4,001,317</u>
Unfunded actuarial accrued liability	<u>\$127,373</u>
Funded ratio (actuarial value of plan assets/AAL)	96.9%
Covered payroll (active plan members)	\$1,324,208
UAAL as a percentage of covered payroll	9.6%

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

Additional information as of the latest actuarial valuation (10/01/11) follows.

Actuarial cost method:	Entry Age Normal
Amortization method:	Level Percent of Pay, Closed
Remaining amortization period:	29 years
Asset valuation method:	4 Year Smoothed Market

**TOWN OF LADY LAKE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE 10 RETIREMENT COMMITMENTS (continued)**

Actuarial Assumptions:

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

Three-Year Trend Information

<u>Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension</u> <u>Cost (A)</u>	<u>Percentage</u> <u>of (A)</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
9/30/11	\$ 225,782	98%	\$ (142,513)
9/30/10	217,655	98%	(147,229)
9/30/09	190,732	102%	(150,657)

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>9/30/2009</u>	<u>9/30/2010</u>	<u>9/30/2011</u>
Actuarially Determined Contribution	\$ 195,305	\$ 214,227	\$ 221,066
Interest on NPO	(11,687)	(12,053)	(11,778)
Adjustment to Actuarially Determined Contribution	<u>7,114</u>	<u>15,481</u>	<u>16,494</u>
Annual Pension Cost	190,732	217,655	225,782
Contributions Made	<u>195,305</u>	<u>214,227</u>	<u>221,066</u>
Increase in NPO	(4,573)	3,428	4,716
NPO, beginning of year	<u>(146,084)</u>	<u>(150,657)</u>	<u>(147,229)</u>
NPO, end of year	<u><u>\$ (150,657)</u></u>	<u><u>\$ (147,229)</u></u>	<u><u>\$ (142,513)</u></u>

**TOWN OF LADY LAKE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

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**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, 2011, the Town contributed \$134,905 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, 2011**

**NOTE 10 RETIREMENT COMMITMENTS (continued)**

	Police Retirement Trust Fund	Employees Retirement Trust Fund	Total
STATEMENT OF FIDUCIARY NET ASSETS AS OF SEPTEMBER 30, 2011			
<u>Assets</u>			
Investments with Trustees:			
Cash Management Funds	\$ 659,960	\$ 225,829	\$ 885,789
Corporate Equities	2,242,026	526,777	2,768,803
Corporate and Foreign Bonds	751,423	41,271	792,694
Municipal Obligations	44,870	-	44,870
U S Government Securities	115,406	-	115,406
<u>Liabilities</u>			
Accounts Payable	(8,980)	-	(8,980)
<u>Net Assets</u>			
Held in Trust for Pension Benefits	\$ 3,804,705	\$ 793,877	\$ 4,598,582

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011

<u>Additions</u>			
Contributions:			
Town	\$ 221,066	\$ 134,905	\$ 355,971
Employees	75,412	228	75,640
State of Florida	88,123	-	88,123
Total Contributions	384,601	135,133	519,734
Investment Income:			
Net Appreciation (Depreciation) in			
Fair Value of Investments	(64,138)	(3,556)	(67,694)
Dividend and Interest Income	83,094	-	83,094
Investment Expense	(44,375)	-	(44,375)
Net Investment Income	(25,419)	(3,556)	(28,975)
Total Additions	359,182	131,577	490,759
<u>Deductions</u>			
Retirement Benefits	31,725	153,361	185,086
Refunds of Contributions	58,870	2,514	61,384
Administrative Expense	20,813	505	21,318
Total Deductions	111,408	156,380	267,788
Change in Net Assets	247,774	(24,803)	222,971
<u>Net Assets</u>			
Beginning of Year	3,556,931	818,680	4,375,611
End of Year	\$ 3,804,705	\$ 793,877	\$ 4,598,582

**TOWN OF LADY LAKE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

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**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, 2011 there were seven employees participating in the plan. The Town is required to contribute 7% of the participant's earnings to the plan for employees with up to 5 years of service, and 8% for employees with over 5 years service. Contributions and related investment earnings are credited to individual self-directed investment accounts, and the employee immediately becomes 100% vested in the account balances. Normal retirement is permitted when the participant attains age 55. During the year ended September 30, 2011, Town contributions to the plan totaled \$43,018.

**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, 2011, 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, 2011 was 3.2808. The millage rate assessed by the Town on taxable property to be levied on November 1, 2011 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, 2011**

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**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, 2011, 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 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 \$20,602 at September 30, 2011.

**TOWN OF LADY LAKE, FLORIDA  
POLICE RETIREMENT TRUST FUND  
REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2011**

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 )
10/1/11	\$ 4,001,317	\$ 4,128,690	\$ 127,373	97%	\$ 1,324,208	10%
10/1/10	3,810,890	4,310,907	500,017	88%	1,548,425	32%
10/1/09	3,450,007	3,749,218	299,211	92%	1,548,174	19%
10/1/08	3,131,965	3,016,769	(115,196)	104%	1,407,115	-8%
10/1/07	2,713,559	2,635,150	(78,409)	103%	1,364,739	-6%
10/1/06	2,265,572	2,271,097	5,525	100%	1,085,128	1%
10/1/05	1,875,603	2,173,521	297,918	86%	950,747	31%
10/1/04	1,535,371	1,885,202	349,831	81%	989,667	35%
10/1/03	1,311,264	1,311,264	-	100%	892,469	0%
10/1/02	1,126,062	1,126,062	-	100%	682,192	0%
10/1/01	1,001,409	1,001,409	-	100%	702,850	0%
10/1/99	644,144	644,144	-	100%	464,839	0%
10/1/97	458,926	458,926	-	100%	450,604	0%
10/1/95	271,292	271,292	-	100%	334,190	0%
10/1/92	89,248	89,248	-	100%	283,334	0%

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER AND OTHERS

Year Ended September 30	Annual Required Contribution	Town (Employer) Contribution	State Contribution	Percentage Contributed
2011	\$ 309,189	\$ 221,066	\$ 88,123	100%
2010	303,754	214,227	89,527	100%
2009	293,212	195,305	97,907 *	100%
2008	238,783	140,876	97,907 *	100%
2007	207,179	123,615	97,907 *	107%
2006	195,217	129,416	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, 2011 AND 2010**

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Cash and Equivalents	\$ 1,756,254	\$ 2,559,520
Investments	4,778,787	4,651,292
Accounts Receivable:		
Franchise and Utility Taxes	213,023	253,185
Special Paving Assessments	2,665	2,665
Other	7,127	11,763
Due from Utility Fund	2,825	2,732
Due from Other Governments:		
State of Florida	143,134	129,801
Lake County	164,749	104,584
Federal	49,146	-
Real Property Held for Resale	97,846	97,846
Prepaid Expenditures	43,422	119,314
Total Assets	<u>\$ 7,258,978</u>	<u>\$ 7,932,702</u>
<u>LIABILITIES AND FUND BALANCE</u>		
LIABILITIES:		
Accounts Payable	\$ 198,764	\$ 433,121
Retainage Payable	-	141,166
Accrued Payroll and Related Liabilities	98,948	215,639
Due to State of Florida	1,328	280
Unearned and Deferred Revenue:		
Federal Sidewalk Grant	49,146	-
County Library Grants	-	540,000
Business Taxes	50,343	48,441
Special Paving Assessments	2,665	2,665
Total Liabilities	<u>401,194</u>	<u>1,381,312</u>
FUND BALANCE:		
Nonspendable:		
Prepaid Expenditures/Resale Assets	141,268	217,160
Restricted:		
For Police Training/Equipment	24,520	44,162
For Education	1,590,846	1,590,846
For Building Inspections	-	29,265
For Recreation and Library Capital Improvements	18,694	349,996
Assigned:		
To Police	12,746	12,746
To Tree Beautification	8,685	-
Unassigned:	5,061,025	4,307,215
Total Fund Balance	<u>6,857,784</u>	<u>6,551,390</u>
Total Liabilities and Fund Balance	<u>\$ 7,258,978</u>	<u>\$ 7,932,702</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, 2011**

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

	2011		VARIANCE WITH FINAL BUDGET	2010 ACTUAL
	FINAL BUDGET	ACTUAL		
<b>REVENUES:</b>				
Taxes	\$ 6,154,897	\$ 6,213,256	\$ 58,359	\$ 6,384,422
Licenses and Permits	260,271	268,169	7,898	294,920
Intergovernmental	2,382,083	2,326,516	(55,567)	1,304,226
Charges for Services	173,363	171,293	(2,070)	172,804
Fines and Forfeitures	31,432	32,505	1,073	67,747
Miscellaneous	848,531	907,894	59,363	930,209
<b>Total Revenues</b>	<b>9,850,577</b>	<b>9,919,633</b>	<b>69,056</b>	<b>9,154,328</b>
<b>EXPENDITURES:</b>				
Current:				
General Government	1,423,876	1,407,678	16,198	1,477,360
Public Safety	4,125,194	4,039,535	85,659	4,272,207
Growth Management	271,661	260,165	11,496	236,642
Public Works	1,431,888	1,396,223	35,665	1,359,998
Culture and Recreation	1,056,196	1,047,000	9,196	895,223
Capital Outlay	2,026,966	2,018,776	8,190	3,086,961
Debt Service	271,373	271,372	1	294,936
<b>Total Expenditures</b>	<b>10,607,154</b>	<b>10,440,749</b>	<b>166,405</b>	<b>11,623,327</b>
Deficiency of Revenues Under Expenditures	(756,577)	(521,116)	235,461	(2,468,999)
<b>OTHER FINANCING SOURCES:</b>				
Loan Proceeds	-	-	-	3,400,000
Transfer from Sales Tax Revenue Fund	686,608	686,608	-	153,057
Transfer from Utility Fund	140,000	140,000	-	124,000
Sale of Capital Assets	902	902	-	24,994
<b>Total Other Financing Sources</b>	<b>827,510</b>	<b>827,510</b>	<b>-</b>	<b>3,702,051</b>
<b>Net Change in Fund Balance</b>	<b>70,933</b>	<b>306,394</b>	<b>235,461</b>	<b>1,233,052</b>
Fund Balance, Beginning of Year	6,551,390	6,551,390	-	5,318,338
<b>Fund Balance, End of Year</b>	<b>\$ 6,622,323</b>	<b>\$ 6,857,784</b>	<b>\$ 235,461</b>	<b>\$ 6,551,390</b>

*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, 2011**

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

	2011		VARIANCE WITH FINAL BUDGET	2010 ACTUAL
	FINAL BUDGET	ACTUAL		
<b>TAXES:</b>				
Ad Valorem Taxes	\$ 2,611,390	\$ 2,611,571	\$ 181	\$ 2,717,691
Local Option Gas Tax	141,000	142,381	1,381	138,912
County Gas Tax	17,000	17,719	719	17,737
Casualty Insurance Premium Tax	88,122	88,123	1	89,527
<b>Franchise Fees:</b>				
Electric	1,150,000	1,177,072	27,072	1,264,885
Gas	26,000	26,933	933	27,315
Garbage	161,000	161,734	734	157,485
<b>Utility Taxes:</b>				
Electric	855,000	874,176	19,176	935,571
Water	173,300	175,551	2,251	159,963
Gas	22,000	23,360	1,360	12,126
Communications Services Tax	853,000	857,551	4,551	823,485
Town Business Tax	57,085	57,085	-	57,462
<b>Total Taxes</b>	<b>6,154,897</b>	<b>6,213,256</b>	<b>58,359</b>	<b>6,402,159</b>
<b>LICENSES AND PERMITS:</b>				
Building Permits and Inspections	154,750	159,844	5,094	186,049
Building Plan Review Fees	48,097	48,845	748	42,912
Site Plan Review Fees	150	150	-	10,950
Comp Plan Amendment Fees	4,600	4,600	-	3,400
Annexation/Subdivision Fees	18,440	18,440	-	20,185
Zoning Fees	26,100	26,740	640	21,682
Other Licenses & Permits	8,134	9,550	1,416	9,742
<b>Total Licenses and Permits</b>	<b>260,271</b>	<b>268,169</b>	<b>7,898</b>	<b>294,920</b>
<b>INTERGOVERNMENTAL:</b>				
Federal Law Enforcement Grant	8,000	7,572	(428)	12,676
Federal B of J Grant	-	-	-	1,638
Federal Transportation Grant	112,415	63,020	(49,395)	-
Federal CDBG Grants	73,100	70,000	(3,100)	97,935
Federal Forestry Grant	18,770	18,770	-	-
County Law Enforcement Grant	58,633	58,633	-	5,297
State Revenue Sharing	338,049	338,049	-	334,857
Mobile Home Licenses	35,000	35,817	817	36,682
Alcohol Beverage Licenses	9,631	9,631	-	9,558
1/2 Cent Sales Tax	645,000	641,649	(3,351)	589,961
State Public Safety Revenue	100	100	-	-
State Transportation Revenue	41,567	41,457	(110)	40,968
County Transportation Revenue	-	-	-	531
County Library Agreement	126,868	126,868	-	141,839
County Library Impact Fees	900,000	900,000	-	-
County Business Tax	14,950	14,950	-	14,547
<b>Total Intergovernmental</b>	<b>2,382,083</b>	<b>2,326,516</b>	<b>(55,567)</b>	<b>1,286,489</b>

**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, 2010**

	2011		VARIANCE WITH FINAL BUDGET	2010 ACTUAL
	FINAL BUDGET	ACTUAL		
<b>CHARGES FOR SERVICES:</b>				
Villages - Public Safety	\$ 100,000	\$ 100,000	\$ -	\$ 100,000
Police Services	43,600	40,544	(3,056)	46,674
Road and Street Revenue	15,000	15,175	175	13,466
Road Conveyance Fees	1,300	1,300	-	-
Copies and Certifications	1,850	2,059	209	1,015
Town License Plates	-	23	23	10
Library Fees	7,213	7,704	491	8,480
Recreation Program Fees	4,400	4,488	88	3,159
Total Charges for Services	<u>173,363</u>	<u>171,293</u>	<u>(2,070)</u>	<u>172,804</u>
<b>FINES AND FORFEITURES:</b>				
Court Fines	18,500	19,577	1,077	32,466
Forfeitures	163	163	-	1,300
Animal Control Citations	70	70	-	350
Code Enforcement Fines	5,099	5,099	-	8,901
Police Education	2,600	2,611	11	3,626
Police Automation	-	-	-	15,493
Library Fines	5,000	4,985	(15)	5,611
Total Fines and Forfeitures	<u>31,432</u>	<u>32,505</u>	<u>1,073</u>	<u>67,747</u>
<b>MISCELLANEOUS:</b>				
Interest Earnings	2,951	2,917	(34)	8,205
Net Increase in Fair Value of Investments	80,000	127,495	47,495	194,111
Building/Park Rental Fees	9,665	10,095	430	11,960
Paving Assessments and Interest	1,200	1,200	-	319
Fire Assessments - Villages	672,890	672,890	-	674,793
Library Impact Fees	1,955	1,955	-	391
Recreation Impact Fees	-	11,660	11,660	2,332
Supplemental Education Fees	-	-	-	3,000
Contributions and Donations	24,030	24,092	62	24,131
Fuel Tax Refund	6,500	6,204	(296)	6,788
Insurance Claim Proceeds	33,840	33,840	-	971
Miscellaneous Revenues	15,500	15,546	46	3,208
Total Miscellaneous	<u>848,531</u>	<u>907,894</u>	<u>59,363</u>	<u>930,209</u>
Total Revenues	<u>\$ 9,850,577</u>	<u>\$ 9,919,633</u>	<u>\$ 69,056</u>	<u>\$ 9,154,328</u>

*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, 2011**  
**With comparative actual amounts for the year ended September 30, 2010**

	2011		VARIANCE WITH FINAL BUDGET	2010 ACTUAL
	FINAL BUDGET	ACTUAL		
<b>GENERAL GOVERNMENT:</b>				
Town Commission:				
Personal Services	\$ 39,140	\$ 39,140	\$ -	\$ 36,504
Operating Expenses	9,205	7,276	1,929	6,843
Total Town Commission	48,345	46,416	1,929	43,347
Town Manager:				
Personal Services	178,412	178,410	2	162,748
Operating Expenses	3,800	2,260	1,540	6,516
Total Town Manager	182,212	180,670	1,542	169,264
Town Clerk:				
Personal Services	82,354	82,312	42	180,850
Operating Expenses	17,490	14,886	2,604	27,598
Election Expenses	800	93	707	92
Total Town Clerk	100,644	97,291	3,353	208,540
Finance Department:				
Personal Services	318,579	318,407	172	328,453
Operating Expenses	47,339	44,957	2,382	43,249
Total Finance Department	365,918	363,364	2,554	371,702
Human Resources/Risk Mgmt:				
Personal Services	91,906	90,580	1,326	115,195
Operating Expenses	13,860	12,301	1,559	9,448
Total Human Resources	105,766	102,881	2,885	124,643
Information Technology:				
Personal Services	56,865	56,733	132	66,858
Operating Expenses	10,249	8,882	1,367	4,916
Total Information Technology	67,114	65,615	1,499	71,774
Legal Counsel	130,000	137,784	(7,784)	124,662
Other General Government:				
Operating Expenses	301,765	294,755	7,010	251,839
Aid to Private Organizations	16,500	16,500	-	7,500
Capital Outlay	4,050	4,048	2	-
Total Other General Government	322,315	315,303	7,012	259,339

**TOWN OF LADY LAKE, FLORIDA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (Continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**  
**With comparative actual amounts for the year ended September 30, 2010**

	2011		VARIANCE WITH FINAL BUDGET	2010 ACTUAL
	FINAL BUDGET	ACTUAL		
<b>GENERAL GOVERNMENT (continued):</b>				
Facilities Maintenance:				
Personal Services	\$ 90,642	\$ 88,837	\$ 1,805	\$ 96,769
Operating Expenses	10,920	9,517	1,403	7,320
Total Facilities Maintenance	<u>101,562</u>	<u>98,354</u>	<u>3,208</u>	<u>104,089</u>
Total General Government	<u>1,423,876</u>	<u>1,407,678</u>	<u>16,198</u>	<u>1,477,360</u>
<b>PUBLIC SAFETY:</b>				
Police Department:				
Personal Services	2,786,263	2,730,771	55,492	2,828,482
Operating Expenses	424,023	378,820	45,203	400,965
Capital Outlay	4,554	4,554	-	56,477
Capital Outlay - Federal Grants	8,000	7,572	428	12,676
Debt Service	67,373	67,372	1	141,879
Total Police Department	<u>3,290,213</u>	<u>3,189,089</u>	<u>101,124</u>	<u>3,440,479</u>
Fire Control:				
Operating Expenses	<u>672,890</u>	<u>672,890</u>	<u>-</u>	<u>674,793</u>
Building Inspections:				
Personal Services	37,974	37,937	37	98,392
Operating Expenses	<u>145,980</u>	<u>162,896</u>	<u>(16,916)</u>	<u>156,408</u>
Total Building Inspections	<u>183,954</u>	<u>200,833</u>	<u>(16,879)</u>	<u>254,800</u>
Code Enforcement:				
Personal Services	32,395	31,456	939	31,767
Operating Expenses	<u>13,115</u>	<u>12,639</u>	<u>476</u>	<u>12,247</u>
Total Code Enforcement	<u>45,510</u>	<u>44,095</u>	<u>1,415</u>	<u>44,014</u>
Total Public Safety	<u>4,192,567</u>	<u>4,106,907</u>	<u>85,660</u>	<u>4,414,086</u>
<b>GROWTH MANAGEMENT</b>				
Personal Services	174,475	174,154	321	188,218
Operating Expenses	<u>97,186</u>	<u>86,011</u>	<u>11,175</u>	<u>48,424</u>
Total Growth Management	<u>271,661</u>	<u>260,165</u>	<u>11,496</u>	<u>236,642</u>

*Continued on next page*

**TOWN OF LADY LAKE, FLORIDA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (Continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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

	2011		VARIANCE WITH FINAL BUDGET	2010 ACTUAL
	FINAL BUDGET	ACTUAL		
<b>PUBLIC WORKS:</b>				
Administration:				
Personal Services	\$ 162,875	\$ 162,883	\$ (8)	\$ 153,556
Operating Expenses	52,314	50,868	1,446	51,348
Capital Outlay	10,653	10,652	1	6,533
Total Administration	<u>225,842</u>	<u>224,403</u>	<u>1,439</u>	<u>211,437</u>
Streets and Maintenance:				
Personal Services	492,570	488,904	3,666	412,736
Electric-Street Lights	160,000	158,097	1,903	154,882
Operating Expenses	190,735	183,454	7,281	192,618
Street Resurfacing	223,100	202,625	20,475	255,961
Capital Outlay	16,760	16,756	4	15,030
Total Streets and Maintenance	<u>1,083,165</u>	<u>1,049,836</u>	<u>33,329</u>	<u>1,031,227</u>
Motor Pool (Fleet Maintenance):				
Personal Services	96,249	96,047	202	96,822
Operating Expenses	18,645	17,950	695	18,620
Capital Outlay	7,987	7,987	-	1,892
Total Motor Pool	<u>122,881</u>	<u>121,984</u>	<u>897</u>	<u>117,334</u>
Total Public Works	<u>1,431,888</u>	<u>1,396,223</u>	<u>35,665</u>	<u>1,359,998</u>
<b>CULTURE AND RECREATION:</b>				
Library:				
Personal Services	304,028	303,817	211	277,366
Operating Expenses	118,814	116,672	2,142	53,732
Library Books	69,494	68,939	555	70,695
Capital Outlay	6,638	6,638	-	60,944
Capital Outlay - Library Building	1,914,551	1,906,610	7,941	3,086,961
Debt Service	204,000	204,000	-	153,057
Total Library	<u>2,617,525</u>	<u>2,606,676</u>	<u>10,849</u>	<u>3,702,755</u>
Parks and Recreation:				
Personal Services	259,092	258,987	105	249,346
Operating Expenses	211,666	209,794	1,872	162,517
Operating Expenses - Community Bldg	12,012	11,533	479	10,797
Capital Outlay	74,452	70,620	3,832	9,826
Capital Outlay - Sidewalk Grant	112,415	112,166	249	-
Total Parks and Recreation	<u>669,637</u>	<u>663,100</u>	<u>6,537</u>	<u>432,486</u>
Total Culture and Recreation	<u>3,287,162</u>	<u>3,269,776</u>	<u>17,386</u>	<u>4,135,241</u>
Total Expenditures	<u>\$ 10,607,154</u>	<u>\$ 10,440,749</u>	<u>\$ 166,405</u>	<u>\$ 11,623,327</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, 2011 AND 2010**

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<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Cash	\$ 509,681	\$ 819,983
Due from State of Florida	<u>102,002</u>	<u>98,083</u>
Total Assets	<u><u>\$ 611,683</u></u>	<u><u>\$ 918,066</u></u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Deferred Revenue - Infrastructure Surtax	<u>\$ 28,653</u>	<u>\$ 26,677</u>
Fund Balance, Restricted for Infrastructure	<u>583,030</u>	<u>891,389</u>
Total Liabilities and Fund Balance	<u><u>\$ 611,683</u></u>	<u><u>\$ 918,066</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, 2011**  
**With comparative actual amounts for the year ended September 30, 2010**

	2011		VARIANCE WITH FINAL BUDGET	2010 ACTUAL
	FINAL BUDGET	ACTUAL		
<b>REVENUES:</b>				
Local Government Infrastructure Surtax	\$ 1,100,000	\$ 1,108,224	\$ 8,224	\$ 997,730
Interest Earned	-	152	152	422
<b>Total Revenues</b>	<b>1,100,000</b>	<b>1,108,376</b>	<b>8,376</b>	<b>998,152</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer to General Fund	(686,608)	(686,608)	-	(153,057)
Transfer to Utility Fund	(730,128)	(730,127)	1	(730,125)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,416,736)</b>	<b>(1,416,735)</b>	<b>1</b>	<b>(883,182)</b>
<b>Net Change in Fund Balance</b>	<b>(316,736)</b>	<b>(308,359)</b>	<b>8,377</b>	<b>114,970</b>
Fund Balance, Beginning of Year	891,389	891,389	-	776,419
Fund Balance, End of Year	<u>\$ 574,653</u>	<u>\$ 583,030</u>	<u>\$ 8,377</u>	<u>\$ 891,389</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, 2011 AND 2010**

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
<b>CURRENT ASSETS:</b>		
Cash	\$ 1,208,673	\$ 884,825
Investments	125,082	147,135
Restricted Cash:		
State Revolving Fund Loan Reserves	41,847	41,849
Customer Deposits	478,080	465,382
Customer Accounts Receivable, net of allowance for uncollectibles of \$29,200 and \$25,290	155,862	139,736
Unbilled Utility Service Receivables	82,689	81,759
Inventory	51,202	50,086
Prepaid Expenses	1,000	1,000
	<u>2,144,435</u>	<u>1,811,772</u>
<b>NONCURRENT ASSETS:</b>		
<b>RESTRICTED CASH:</b>		
State Revolving Fund Loan Reserves	22,821	22,816
Impact Fees - Water	632,445	620,647
Impact Fees - Sewer	440,319	418,163
Impact Fees - Reuse	2,635	1,169
	<u>1,098,220</u>	<u>1,062,795</u>
<b>DEFERRED ENGINEERING COSTS</b>	<u>75,365</u>	<u>75,365</u>
<b>SRF AND SUNTRUST LOAN COSTS</b>	<u>26,542</u>	<u>45,590</u>
<b>SEWER CAPACITY RESERVATION AGREEMENT, net of accumulated amortization of \$398,780 and \$359,725 in 2011 and 2010, respectively</b>	<u>1,230,226</u>	<u>1,269,281</u>
<b>PROPERTY, PLANT, AND EQUIPMENT:</b>		
Land	509,453	509,453
Buildings	346,587	346,587
Water Utility System	7,740,600	7,739,375
Sewer Utility System	18,488,333	18,488,333
Equipment	1,517,685	1,489,134
Construction in Progress	1,658	1,658
	<u>28,604,316</u>	<u>28,574,540</u>
Less Accumulated Depreciation	<u>6,827,889</u>	<u>5,832,076</u>
Net Property, Plant, and Equipment	<u>21,776,427</u>	<u>22,742,464</u>
Total Assets	<u>26,351,215</u>	<u>27,007,267</u>

**TOWN OF LADY LAKE, FLORIDA**  
**UTILITY FUND**  
**COMPARATIVE STATEMENTS OF NET ASSETS (Continued)**  
**SEPTEMBER 30, 2011 AND 2010**

<u>LIABILITIES</u>	<u>2011</u>	<u>2010</u>
<b>CURRENT LIABILITIES:</b>		
Accounts Payable	\$ 34,360	\$ 32,936
Accrued Payroll and Related Taxes	12,586	36,882
Accrued Vacation Payable	19,516	23,017
Due to General Fund	2,825	2,732
Customer Deposits	478,080	465,382
State Revolving Fund Loan:		
Current Portion	80,125	77,378
Accrued Interest Payable	900	1,475
SunTrust Loan Payable:		
Current Portion	658,317	633,083
Accrued Interest Payable	6,860	8,912
	<u>1,293,569</u>	<u>1,281,797</u>
<b>NONCURRENT LIABILITIES:</b>		
Accrued Vacation Payable	1,289	1,643
Unearned Revenue	31,757	31,757
State Revolving Fund Loan	41,123	121,248
SunTrust Loan	1,458,035	2,116,352
	<u>1,532,204</u>	<u>2,271,000</u>
Total Noncurrent Liabilities	<u>1,532,204</u>	<u>2,271,000</u>
Total Liabilities	<u>2,825,773</u>	<u>3,552,797</u>
 <u>NET ASSETS</u>		
Invested in Capital Assets, net of related debt	20,844,418	21,138,522
Restricted for Utility Capital Improvements	1,075,399	1,039,979
Restricted for Debt Service	63,768	63,190
Unrestricted	1,541,857	1,212,779
	<u>1,541,857</u>	<u>1,212,779</u>
Total Net Assets	<u>\$ 23,525,442</u>	<u>\$ 23,454,470</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, 2011 AND 2010**

	2011	2010
<b>OPERATING REVENUES:</b>		
Water Sales	\$ 981,641	\$ 891,211
Sewer Revenue	572,365	529,602
Reuse Water Sales	108,299	81,776
Connection Fees	35,601	37,350
Garbage Revenue	359,543	340,418
Late Fees and Other Customer Revenue	46,440	44,980
Total Operating Revenues	2,103,889	1,925,337
<b>OPERATING EXPENSES:</b>		
Personal Services	567,458	552,663
Garbage Contract Services	318,655	312,829
Utilities	147,412	152,255
Other Contract Services	121,068	142,676
Operating Supplies	88,979	136,121
Insurance	80,376	79,613
Repairs and Maintenance	72,302	72,635
Professional Services	53,447	39,768
Amortization	39,055	39,055
Other Operating Expenses	57,678	53,244
Depreciation	1,018,465	1,009,317
Total Operating Expenses	2,564,895	2,590,176
Net Operating Loss	(461,006)	(664,839)
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Interest Revenue	2,156	2,997
Increase in Fair Value of Investments	20,773	60,327
Miscellaneous Revenue	4,216	-
Debt Issuance Costs	(19,048)	(19,048)
Interest Expense	(100,734)	(127,932)
Total Nonoperating Revenues (Expenses)	(92,637)	(83,656)
Loss Before Contributions and Transfers	(553,643)	(748,495)
<b>CAPITAL CONTRIBUTIONS:</b>		
Water Impact Fees	11,992	130,835
Sewer and Reuse Impact Fees	22,496	218,180
Developers	-	487,804
TRANSFERS IN - Infrastructure Taxes	730,127	730,125
TRANSFERS OUT - to General Fund	(140,000)	(124,000)
Change in Net Assets	70,972	694,449
Total Net Assets, Beginning of Year	23,454,470	22,760,021
Total Net Assets, End of Year	\$23,525,442	\$23,454,470

*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, 2011 AND 2010**

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers	\$ 2,099,531	\$ 1,959,360
Cash Payments to Employees for Services	(595,609)	(536,294)
Cash Payments to Suppliers for Goods and Services	(938,989)	(954,315)
Net Cash Provided by Operating Activities	564,933	468,751
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Grant and Other Revenue	4,216	-
Transfer to General Fund	(140,000)	(124,000)
Net Cash Used in Noncapital Financing Activities	(135,784)	(124,000)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Transfer from Sales Tax Revenue Fund - Infrastructure Taxes	730,127	730,125
Water, Sewer and Reuse Impact Fees Received	34,488	349,015
State Revolving Fund Loan Interest Paid	(6,317)	(8,970)
State Revolving Fund Loan Principal Repayments	(77,378)	(74,724)
Suntrust Loan Interest Paid	(97,044)	(121,490)
Suntrust Loan Principal Paid	(633,083)	(608,636)
Acquisition and Construction of Capital Assets	(52,955)	(610,976)
Net Cash Used in Capital and Related Financing Activities	(102,162)	(345,656)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
State Board Fund B Pool Investment	42,826	60,923
Interest Received on Demand Deposits	2,156	2,997
Net Cash Provided by Investing Activities	44,982	63,920
<b>NET INCREASE IN CASH</b>	371,969	63,015
Cash at Beginning of Year	2,454,851	2,391,836
Cash at End of Year	\$ 2,826,820	\$ 2,454,851

*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, 2011 AND 2010**

	2011	2010
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Loss	\$ (461,006)	\$ (664,839)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and Amortization	1,057,520	1,048,372
Increase in Accounts Receivable	(16,126)	(4,767)
Increase in Unbilled Receivables	(930)	(14,920)
Decrease in Due from Lake County	-	171
(Increase) Decrease in Inventory	(1,116)	14,067
Decrease in Prepaid Expenses	-	160
Increase in Accounts Payable	1,951	20,191
Increase in Due to General Fund	93	408
Increase (Decrease) in Accrued Payroll and Related Taxes	(24,296)	13,067
Increase (Decrease) in Accrued Vacation Payable	(3,855)	3,302
Increase in Customer Deposits	12,698	53,539
 Total Adjustments	 1,025,939	 1,133,590
 Net Cash Provided by Operating Activities	 \$ 564,933	 \$ 468,751
 NONCASH CAPITAL ACTIVITIES:		
Utility system construction on account	\$ (527)	\$ (89,551)
Developer utility system contributions	-	487,804
 NONCASH INVESTING ACTIVITIES:		
State Board Fund B Pool investment gain	20,773	60,327

*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, 2011**

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<b>REVENUES:</b>			
Water Sales	\$ 958,500	\$ 981,641	\$ 23,141
Sewer Revenue	560,350	572,365	12,015
Reuse Water Sales	106,050	108,299	2,249
Connection Fees	34,476	35,601	1,125
Garbage Revenue	359,543	359,543	-
Late Fees and Other Revenue	46,000	46,440	440
Interest Revenue	2,060	2,156	96
Increase in Fair Value of Investments	28,000	20,773	(7,227)
Grants and Miscellaneous Revenue	4,286	4,216	(70)
Water, Sewer and Reuse Impact Fees	34,488	34,488	-
Transfers in from Sales Tax Revenue Fund	730,128	730,127	(1)
<b>Total Revenues</b>	<b>2,863,881</b>	<b>2,895,649</b>	<b>31,768</b>
<b>EXPENSES:</b>			
Personal Services	571,920	567,458	4,462
Operating Expenses - Water	337,218	331,554	5,664
Operating Expenses - Sewer	297,393	289,708	7,685
Operating Expenses - Garbage	319,356	318,655	701
Amortization	39,055	39,055	-
Interest Expense	102,787	100,734	2,053
Debt Issuance Costs	19,049	19,048	1
Principal - Utility Debt	710,461	710,461	-
Equipment Purchases	51,203	51,203	-
Water Utility System Improvements	-	1,225	(1,225)
Transfers out to General Fund	140,000	140,000	-
Contingency	240,951	-	240,951
<b>Total Expenses</b>	<b>2,829,393</b>	<b>2,569,101</b>	<b>260,292</b>
<b>Excess of Revenues Over Expenses</b>	<b>\$ 34,488</b>	<b>\$ 326,548</b>	<b>\$ 292,060</b>

*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, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>CAPITAL ASSETS:</b>		
Land	\$ 1,660,349	\$ 1,660,349
Buildings	12,054,687	6,283,064
Improvements Other Than Buildings	1,931,406	1,885,202
Furniture and Equipment	4,434,613	4,453,132
Infrastructure	1,480,447	1,480,447
Construction in Progress	<u>112,166</u>	<u>3,842,040</u>
 Total Capital Assets	 <u><u>\$ 21,673,668</u></u>	 <u><u>\$ 19,604,234</u></u>
 <b>INVESTMENT IN CAPITAL ASSETS FROM:</b>		
Excise Taxes Revenue Bonds	\$ 375,000	\$ 375,000
Capital Improvement Revenue Bonds	293,287	293,287
Federal Grants	447,480	340,921
State of Florida Grants	582,829	585,033
Lake County Grants	631,040	641,142
Donations and Developer Contributions	2,501,153	2,479,661
General Fund Revenues	<u>16,842,879</u>	<u>14,889,190</u>
 Total Investment in Capital Assets	 <u><u>\$ 21,673,668</u></u>	 <u><u>\$ 19,604,234</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, 2011**

FUNCTION AND ACTIVITY	LAND	BUILDINGS	IMPROVEMENTS OTHER THAN BUILDINGS	FURNITURE AND EQUIPMENT	INFRA- STRUCTURE	CONSTRUCTION IN PROGRESS	TOTAL
<b>GENERAL GOVERNMENT:</b>							
Town Manager	\$ -	\$ -	\$ -	\$ 9,096	\$ -	\$ -	\$ 9,096
Town Clerk	-	-	-	8,096	-	-	8,096
Finance	-	-	-	45,195	-	-	45,195
Human Resources	-	-	-	6,033	-	-	6,033
Other General Government	1,003,382	2,848,875	174,336	405,218	-	-	4,431,811
Facilities Maintenance	-	-	-	39,206	-	-	39,206
Total General Government	<u>1,003,382</u>	<u>2,848,875</u>	<u>174,336</u>	<u>512,844</u>	<u>-</u>	<u>-</u>	<u>4,539,437</u>
<b>PUBLIC SAFETY:</b>							
Police	-	4,675	8,806	2,053,745	-	-	2,067,226
Building Inspections/Code Enf	-	-	-	23,156	-	-	23,156
Total Public Safety	<u>-</u>	<u>4,675</u>	<u>8,806</u>	<u>2,076,901</u>	<u>-</u>	<u>-</u>	<u>2,090,382</u>
<b>GROWTH MANAGEMENT</b>							
	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,255</u>	<u>-</u>	<u>-</u>	<u>85,255</u>
<b>PUBLIC WORKS:</b>							
Administration	-	1,639,187	13,502	56,461	-	-	1,709,150
Streets and Maintenance	174,247	142,433	124,484	965,919	1,480,447	-	2,887,530
Motor Pool	-	6,437	-	66,626	-	-	73,063
Total Public Works	<u>174,247</u>	<u>1,788,057</u>	<u>137,986</u>	<u>1,089,006</u>	<u>1,480,447</u>	<u>-</u>	<u>4,669,743</u>
<b>CULTURE AND RECREATION:</b>							
Library	48,000	6,631,993	-	239,732	-	-	6,919,725
Parks and Recreation	434,720	781,087	1,610,278	430,875	-	112,166	3,369,126
Total Culture and Recreation	<u>482,720</u>	<u>7,413,080</u>	<u>1,610,278</u>	<u>670,607</u>	<u>-</u>	<u>112,166</u>	<u>10,288,851</u>
Total Capital Assets	<u>\$ 1,660,349</u>	<u>\$ 12,054,687</u>	<u>\$ 1,931,406</u>	<u>\$ 4,434,613</u>	<u>\$ 1,480,447</u>	<u>\$ 112,166</u>	<u>\$ 21,673,668</u>

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

**TOWN OF LADY LAKE, FLORIDA**  
**SCHEDULE OF CHANGES IN CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES**  
**BY FUNCTION AND ACTIVITY**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

FUNCTION AND ACTIVITY	BALANCE 9/30/2010	ADDITIONS	TRANSFERS/ DISPOSALS	BALANCE 9/30/2011
<b>GENERAL GOVERNMENT:</b>				
Town Manager	\$ 9,942	\$ -	\$ (846)	\$ 9,096
Town Clerk	11,869	-	(3,773)	8,096
Finance	45,620	-	(425)	45,195
Human Resources	11,209	-	(5,176)	6,033
Other General Government	4,433,422	4,048	(5,659)	4,431,811
Facilities Maintenance	32,903	-	6,303	39,206
<b>Total General Government</b>	<b>4,544,965</b>	<b>4,048</b>	<b>(9,576)</b>	<b>4,539,437</b>
<b>PUBLIC SAFETY:</b>				
Police	2,170,168	12,126	(115,068)	2,067,226
Building Inspections/Code Enforce	33,120	-	(9,964)	23,156
<b>Total Public Safety</b>	<b>2,203,288</b>	<b>12,126</b>	<b>(125,032)</b>	<b>2,090,382</b>
<b>GROWTH MANAGEMENT</b>	<b>92,009</b>	<b>-</b>	<b>(6,754)</b>	<b>85,255</b>
<b>PUBLIC WORKS:</b>				
Administration	1,677,280	10,652	21,218	1,709,150
Streets and Maintenance	2,844,263	16,756	26,511	2,887,530
Motor Pool	78,885	7,987	(13,809)	73,063
<b>Total Public Works</b>	<b>4,600,428</b>	<b>35,395</b>	<b>33,920</b>	<b>4,669,743</b>
<b>CULTURE AND RECREATION:</b>				
Library	4,984,985	1,934,740	-	6,919,725
Parks and Recreation	3,178,559	182,786	7,781	3,369,126
<b>Total Culture and Recreation</b>	<b>8,163,544</b>	<b>2,117,526</b>	<b>7,781</b>	<b>10,288,851</b>
<b>Total Capital Assets</b>	<b>\$ 19,604,234</b>	<b>\$ 2,169,095</b>	<b>\$ (99,661)</b>	<b>\$ 21,673,668</b>

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

## STATISTICAL SECTION

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

### Contents

### Page

#### **Financial Trends**

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

80-90

#### **Revenue Capacity**

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

91-94

#### **Debt Capacity**

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

95-98

#### **Demographic and Economic Information**

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

99-101

#### **Operating Information**

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

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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 EIGHT FISCAL YEARS**  
**(Accrual basis of accounting)**

	Fiscal Year 2004	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007
<b>GOVERNMENTAL ACTIVITIES</b>				
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>
 <b>BUSINESS-TYPE ACTIVITIES</b>				
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>
 <b>TOWN OF LADY LAKE</b>				
Invested in Capital Assets, net of related debt	\$ 15,254,049	\$ 16,648,599	\$ 20,006,574	\$ 23,923,294
Restricted for:				
Capital Improvements	3,051,833	4,454,029	3,426,424	4,004,815
Debt Service	110,723	70,584	59,402	61,074
Police	71,970	83,532	46,970	78,284
Building Inspections	-	30,481	27,878	237,603
Education	-	-	117,000	1,391,646
Tornado Relief	-	-	-	11,891
Unrestricted	<u>5,304,139</u>	<u>6,413,953</u>	<u>6,063,913</u>	<u>6,487,350</u>
 Total Town of Lady Lake Net Assets	 <u>\$ 23,792,714</u>	 <u>\$ 27,701,178</u>	 <u>\$ 29,748,161</u>	 <u>\$ 36,195,957</u>

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

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

**TOWN OF LADY LAKE, FLORIDA**  
**CHANGES IN NET ASSETS**  
**LAST SEVEN EIGHT YEARS**  
**(Accrual basis of accounting)**

	Fiscal Year 2004	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007
<b>EXPENSES</b>				
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>
<b>PROGRAM REVENUES</b>				
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
Operating Grants and Contributions	-	-	-	-
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>
<b>NET REVENUE (EXPENSE)</b>				
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>	<u>Fiscal Year 2011</u>
\$ 2,116,586	\$ 1,933,144	\$ 1,717,836	\$ 1,526,644
4,675,709	4,515,835	4,521,168	4,252,583
428,130	267,442	246,849	267,673
1,459,612	1,509,663	1,380,692	1,531,843
1,026,511	999,196	1,000,149	1,195,056
9,339	11,916	133,743	148,077
<u>9,715,887</u>	<u>9,237,196</u>	<u>9,000,437</u>	<u>8,921,876</u>
933,226	1,133,735	1,134,744	1,091,782
774,490	1,226,015	1,289,583	1,271,914
311,864	312,382	312,829	318,655
<u>2,019,580</u>	<u>2,672,132</u>	<u>2,737,156</u>	<u>2,682,351</u>
<u>\$ 11,735,467</u>	<u>\$ 11,909,328</u>	<u>\$ 11,737,593</u>	<u>\$ 11,604,227</u>
\$ 179,083	\$ 36,471	\$ 19,975	\$ 33,050
1,393,794	1,208,716	1,113,352	1,049,975
186,009	76,803	56,217	49,930
-	-	13,466	16,475
29,163	25,978	29,210	27,272
408,982	279,589	313,310	396,452
579,163	148,211	559,587	493,353
<u>2,776,194</u>	<u>1,775,768</u>	<u>2,105,117</u>	<u>2,066,507</u>
1,073,086	1,000,324	955,189	1,044,641
347,695	576,178	629,730	699,705
338,233	338,203	340,418	359,543
-	-	-	1,890
1,342,358	1,361,733	836,819	34,488
<u>3,101,372</u>	<u>3,276,438</u>	<u>2,762,156</u>	<u>2,140,267</u>
<u>\$ 5,877,566</u>	<u>\$ 5,052,206</u>	<u>\$ 4,867,273</u>	<u>\$ 4,206,774</u>
\$ (6,939,693)	\$ (7,461,428)	\$ (6,895,320)	\$ (6,855,369)
1,081,792	604,306	25,000	(542,084)
<u>\$ (5,857,901)</u>	<u>\$ (6,857,122)</u>	<u>\$ (6,870,320)</u>	<u>\$ (7,397,453)</u>

*Continued on Next Page*

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

	Fiscal Year 2004	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007
<b>GENERAL REVENUES AND TRANSFERS</b>				
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)
<b>Total Governmental Activities</b>	<u>5,569,401</u>	<u>5,818,915</u>	<u>4,818,352</u>	<u>4,242,798</u>
Business-Type Activities:				
Unrestricted Investment Earnings	23,267	187,527	143,555	182,977
Transfers	84,819	603,510	2,502,440	3,318,857
<b>Total Business-Type Activities</b>	<u>108,086</u>	<u>791,037</u>	<u>2,645,995</u>	<u>3,501,834</u>
<b>Total General Revenues and Transfers</b>	<u>\$ 5,677,487</u>	<u>\$ 6,609,952</u>	<u>\$ 7,464,347</u>	<u>\$ 7,744,632</u>
<b>CHANGE IN NET ASSETS</b>				
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
<b>Total Change in Net Assets</b>	<u>\$ 1,583,954</u>	<u>\$ 3,908,464</u>	<u>\$ 2,046,983</u>	<u>\$ 6,447,796</u>

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

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

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Reserved	177,810	102,443	134,255	250,293
Assigned	-	-	-	-
Unassigned	-	-	-	-
Unreserved	<u>4,533,779</u>	<u>4,482,344</u>	<u>4,495,698</u>	<u>5,077,867</u>
Total General Fund	<u>\$ 4,711,589</u>	<u>\$ 4,584,787</u>	<u>\$ 4,629,953</u>	<u>\$ 5,328,160</u>
All Other Governmental Funds				
Restricted	\$ -	\$ -	\$ -	\$ -
Reserved	2,982,325	1,577,685	2,555,097	3,205,390
Unreserved, reported in:				
Debt service funds	<u>454,456</u>	<u>2,102</u>	<u>10,732</u>	<u>33,165</u>
Total all other governmental funds	<u>\$ 3,436,781</u>	<u>\$ 1,579,787</u>	<u>\$ 2,565,829</u>	<u>\$ 3,238,555</u>

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 141,268
-	-	-	-	-	1,634,060
253,335	1,918,082	1,920,764	1,957,396	2,244,175	-
-	-	-	-	-	21,431
-	-	-	-	-	5,061,025
5,199,945	4,831,656	3,325,535	3,360,942	4,307,215	-
<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>	<u>\$ 6,857,784</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 583,030
2,168,936	138,759	511,694	776,419	891,389	-
-	-	-	-	-	-
<u>\$ 2,168,936</u>	<u>\$ 138,759</u>	<u>\$ 511,694</u>	<u>\$ 776,419</u>	<u>\$ 891,389</u>	<u>\$ 583,030</u>

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

(Modified accrual basis of accounting)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Revenues</b>					
Taxes	\$ 4,075,934	\$ 4,037,868	\$ 4,421,158	\$ 4,988,671	\$ 5,646,998
Licenses and Permits	136,059	170,528	182,997	497,441	599,368
Intergovernmental Revenues	1,075,846	1,389,067	1,375,162	2,021,370	1,688,267
Charges for Services	138,680	140,721	128,800	143,377	139,781
Fines and Forfeitures	72,679	75,831	90,429	72,948	83,664
Investment Earnings	166,168	113,295	139,378	189,312	358,472
Miscellaneous	183,420	111,825	853,999	910,955	765,804
<b>Total Revenues</b>	<b>5,848,786</b>	<b>6,039,135</b>	<b>7,191,923</b>	<b>8,824,074</b>	<b>9,282,354</b>
<b>Expenditures</b>					
General Government	899,215	1,062,272	1,232,242	1,483,321	1,696,456
Public Safety	2,132,745	2,379,383	2,769,791	3,166,649	3,567,311
Growth Management	154,919	172,220	158,050	279,668	301,659
Public Works	875,484	782,776	922,035	775,849	1,165,617
Culture and Recreation	453,288	504,349	583,211	611,836	866,326
Capital Outlay	99,134	2,558,403	382,787	507,330	117,484
Debt Service:					
Principal	572,000	34,000	36,000	38,000	11,991
Interest	33,580	6,899	4,945	2,874	689
<b>Total Expenditures</b>	<b>5,220,365</b>	<b>7,500,302</b>	<b>6,089,061</b>	<b>6,865,527</b>	<b>7,727,533</b>
Excess (Deficiency) of Revenues over (under) Expenditures	628,421	(1,461,167)	1,102,862	1,958,547	1,554,821
<b>Other Financing Sources (Uses)</b>					
Loan Proceeds	-	-	-	-	-
Capital Lease	-	-	-	-	-
Transfers in	356,996	1,818,390	26,000	28,000	115,628
Transfers out	(356,996)	(1,818,390)	(110,819)	(631,510)	(2,618,068)
Sale of Capital Assets	4,550	5,618	13,165	15,896	3,120
<b>Total Other Financing Sources (Uses)</b>	<b>4,550</b>	<b>5,618</b>	<b>(71,654)</b>	<b>(587,614)</b>	<b>(2,499,320)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 632,971</b>	<b>\$ (1,455,549)</b>	<b>\$ 1,031,208</b>	<b>\$ 1,370,933</b>	<b>\$ (944,499)</b>
Debt service as a percentage of noncapital expenditures	12.7%	0.8%	0.7%	0.7%	0.2%

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$	5,917,231	\$ 6,005,261	\$ 7,020,405	\$ 7,382,152	\$ 7,321,480
	1,088,610	772,972	409,063	294,920	268,169
	2,926,694	1,482,333	1,396,891	1,304,226	2,326,516
	150,950	158,561	163,865	172,804	171,293
	107,193	118,481	84,927	67,747	32,505
	454,554	212,044	329,145	202,738	130,564
	2,175,751	1,014,262	749,223	727,893	777,482
	<u>12,820,983</u>	<u>9,763,914</u>	<u>10,153,519</u>	<u>10,152,480</u>	<u>11,028,009</u>
	3,121,174	1,976,628	1,815,854	1,477,360	1,407,678
	4,706,147	4,560,641	4,605,430	4,272,207	4,039,535
	487,836	437,204	257,645	236,642	260,165
	1,122,347	1,356,600	1,336,765	1,359,998	1,396,223
	942,050	905,622	866,044	895,223	1,047,000
	55,668	882,986	445,688	3,086,961	2,018,776
	74,494	62,282	130,111	167,895	120,892
	-	12,212	8,383	127,041	150,480
	<u>10,509,716</u>	<u>10,194,175</u>	<u>9,465,920</u>	<u>11,623,327</u>	<u>10,440,749</u>
	2,311,267	(430,261)	687,599	(1,470,847)	587,260
	-	-	-	3,400,000	-
	273,065	-	251,000	-	-
	30,500	29,000	124,000	277,057	826,608
	(3,349,357)	(730,163)	(730,095)	(883,182)	(1,416,735)
	806	920	4,260	24,994	902
	<u>(3,044,986)</u>	<u>(700,243)</u>	<u>(350,835)</u>	<u>2,818,869</u>	<u>(589,225)</u>
\$	<u>(733,719)</u>	<u>(1,130,504)</u>	<u>336,764</u>	<u>1,348,022</u>	<u>(1,965)</u>
	0.8%	0.8%	1.5%	3.6%	3.3%

**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>
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	303,638	1,449,685	1,107,660	823,485	7,399,889
2011	2,611,571	1,108,224	305,308	1,365,739	1,073,087	857,551	7,321,480

**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		
2002	\$ 589,062,753	\$429,100,093	\$ 105,026,950	\$53,684,613	\$ 694,089,703	\$ 482,784,706	2.72	69.56%
2003	653,910,861	448,511,789	108,198,855	55,219,712	762,109,716	503,731,501	2.20	66.10%
2004	728,490,160	496,385,446	110,170,441	57,234,274	838,660,601	553,619,720	2.20	66.01%
2005	821,292,460	541,904,735	119,672,957	66,507,697	940,965,417	608,412,432	2.20	64.66%
2006	935,927,027	618,734,443	122,393,790	69,210,517	1,058,320,817	687,944,960	2.20	65.00%
2007	1,123,319,733	749,900,730	152,219,097	98,519,590	1,275,538,830	848,420,320	2.20	66.51%
2008	1,233,366,562	856,012,788	137,809,865	85,841,775	1,371,176,427	941,854,563	2.20	68.69%
2009	1,210,867,523	777,261,395	136,738,119	79,496,526	1,347,605,642	856,757,921	3.087	63.58%
2010	1,152,451,691	772,717,249	143,010,344	87,983,845	1,295,462,035	860,701,094	3.281	66.44%
2011	1,092,524,341	743,021,397	135,380,406	82,087,812	1,227,904,747	825,109,209	3.281	67.20%

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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	
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 *
2011	3.281	5.163 *	7.523	0.241	0.416	0.385	1.000	18.009 *

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 2011 and FY 2010, and 43% for FY 2009.

**TOWN OF LADY LAKE, FLORIDA  
PRINCIPAL PROPERTY TAXPAYERS  
SEPTEMBER 30, 2011  
CURRENT YEAR COMPARED TO NINE YEARS AGO**

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Taxpayer	Fiscal Year 2011			Fiscal Year 2002		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Value
Villages Operating Company	\$ 35,431,634	1	4.29%			
Lazy B Cattle Venture LTD	25,916,311	2	3.14%			
Sun Communities Finance LP	18,610,242	3	2.26%	\$ 9,895,923	2	2.05%
TMW Weltfonds Rolling Acres Plaza LP	15,648,265	4	1.90%			
Courtney Villages LLC	15,076,408	5	1.83%			
SRK Lady Lake 21 Associates, LLC	14,018,843	6	1.70%			
Lady Lake Apartments LLC	12,282,292	7	1.49%			
Sam's East Inc	8,463,993	8	1.03%			
The Villages of Lake-Sumter, Inc	8,134,655	9	0.99%	18,990,626	1	3.93%
Embarq-Florida Inc (formerly Sprint-Florida)	7,388,685	10	0.90%	9,609,093	3	1.99%
Sun Communities Finance Limited				4,650,771	4	0.96%
Greystone Lady Lake Realty, LLCC				4,415,351	5	0.91%
Caleb's Place, Inc				3,952,664	6	0.82%
Lady Lake Inc.				3,504,088	7	0.73%
Florida Power Corp				3,161,506	8	0.65%
Greystone Lady Lake Realty, LLC				3,071,405	9	0.64%
Steinmetz, Leo P. & Nancy P.				2,454,741	10	0.51%
Total	<u>\$ 160,971,328</u>		<u>19.51%</u>	<u>\$ 63,706,168</u>		<u>13.20%</u>
Total Taxable Assessed Valuation	\$ 825,109,209			\$ 482,784,706		

Source: Tax Year 2010 and Tax Year 2001 ad valorem tax rolls of the Town of Lady Lake, Florida and Lake County Property Appraiser DR-403 AM.

Tax Year is equivalent to the following Fiscal Year.

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

<u>FISCAL YEAR</u>	<u>TOTAL TAX LEVY</u>	<u>CURRENT TAX COLLECTIONS</u>	<u>PERCENT OF LEVY COLLECTED</u>	<u>DELINQUENT TAX COLLECTIONS</u>	<u>TOTAL TAX COLLECTIONS</u>	<u>PERCENT OF TOTAL TAX COLLECTIONS TO TAX LEVY</u>
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%
2011	2,707,018	2,606,368	96.3%	5,203	2,611,571	96.5%

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**

<b>Fiscal Year</b>	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income<sup>a</sup></b>	<b>Per Capita<sup>a</sup></b>
	<b>Revenue Note</b>	<b>Capital Lease</b>	<b>Loans Payable</b>			
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%	462
2011	3,303,604	64,787	2,237,600	5,605,991	1.52%	402

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

<sup>a</sup> 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, 2011**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes	\$ -	4.70%	\$ -
Other debt			-
Subtotal, overlapping debt			-
Direct debt			<u>3,368,391</u>
Total direct and overlapping debt			<u><u>\$ 3,368,391</u></u>

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

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

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

Fiscal Year	Infrastructure Sales Surtaxes Available for Debt Service	Debt Service Requirements			Coverage
		Principal	Interest	Total	
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
2011	1,108,224	691,673	242,454	934,127	1.19

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

Fiscal Year	Gross Revenues <sup>1</sup>	Operating Expenses <sup>2</sup>	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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
2011	1,589,607	1,188,720	400,887	77,378	6,317	83,695	4.79

<sup>1</sup> Water and sewer system gross revenues.

<sup>2</sup> Water and sewer operating expenses exclusive of depreciation and amortization.

\* The Town was not subject to any revenue bond loan coverage covenants for the year ended September 30, 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, 2011**

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Year	2006	2007	2008	2009	2010	2011
Population	12,805	12,842	13,117	14,129	13,926	13,946
Total Personal Income of all Lady Lake Residents	297,691,000	285,118,084	297,611,613	346,174,629	353,342,406	368,495,886
Per Capita Personal Income	23,248	22,202	22,689	24,501	24,789	26,461
Median Age	68	68	67	60	66	65
School Enrollment **The Villages of Lady Lake Elementary	723	850	811	816	761	794
Lake County Unemployment Rate (December)	3.0%	4.7%	8.5%	12.7%	11.9%	10.6%

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>
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 *	13,926	N/A	297,052	N/A
2011	13,946	0.14%	296,681	-0.13%

POPULATION DISTRIBUTION BY AGE - 2011

<u>Age</u>	<u>Lake County</u>	<u>State of Florida</u>
0-14	17.0%	17.4%
15-44	33.7%	38.2%
45-64	21.3%	27.0%
65+	28.0%	17.4%

POPULATION PER SQUARE MILE

<u>Year</u>	<u>Lake County</u>	<u>State of Florida</u>
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
2011	317	351

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

\* Census Data

**TOWN OF LADY LAKE, FLORIDA  
PRINCIPAL EMPLOYERS  
SEPTEMBER 30, 2011**

Employer	2011			2006		
	* Employees	Rank	Percentage of Total Town Employment	* Employees	Rank	Percentage of Total Town Employment
Lady Lake Specialty Care	281	1	9.77%			
Sam's	164	2	5.70%			
Publix Super Markets	143	3	4.97%	174	2	5.51%
The Home Depot	138	4	4.80%	156	3	4.94%
Katie Belles Music Hall	137	5	4.77%	100	6	3.16%
Target Department Store	119	6	4.14%	201	1	6.36%
Kohl's Department Store	112	7	3.90%			
Winn Dixie Stores, Inc/Winn Dixie Liquors	109	8	3.79%	96	8	3.04%
Town of Lady Lake	107	9	3.72%	105	5	3.32%
The Villages of Lady Lake Elementary	95	10	3.30%	99	7	3.13%
Probuild (Casmin, Inc.)				148	4	4.68%
Carrabba's Restaurant				88	9	2.78%
Belk's Department Store				85	10	2.69%
<b>Total</b>	<b>1,405</b>		<b>48.86%</b>	<b>1,252</b>		<b>39.61%</b>
<b>Total Town Employment</b>	<b>2,875</b>			<b>3,160</b>		

\* Full time and/or part time positions.

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

Number of employees from Business Tax Receipts or direct calls to employers  
Lady Lake employment figures from Metro Orlando Economic Development Commission-Demographic Detail

**TOWN OF LADY LAKE, FLORIDA**  
**FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS**  
Full-time Equivalent Employees as of September 30th

Function	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
<b>General Government</b>										
Town Manager	2	2	2	2	2	2	2	2	2	2
Town Clerk	2	2	2	2	3	3	3	3	3	2
Finance	4	4	4	4	5	5	6	6	5	4.5
Human Resource/Risk Management	1.5	2	2	2	2.5	3	3	3	3	2
Other General Gov.	0.5	0.5	0.5	0.5	0	0	0	0	0	0
Information Technology	0	0	0	0	0	0	0	0	1	1
Facilities Maint.	1	1	1	1	2	2	2	2	2	2
Motor Pool	2	1	1	1	1	1	2	2	0	0
<b>Total General Government</b>	<b>13</b>	<b>12.5</b>	<b>12.5</b>	<b>12.5</b>	<b>15.5</b>	<b>16</b>	<b>18</b>	<b>18</b>	<b>16</b>	<b>13.5</b>
<b>Public Safety</b>										
Police Officers	24	24	24	23	28	29	29	30	30	30
Police Civilians	10	11	11	11	14	14	15.5	16	15	14.5
Building Dept.	3	3	3	3	4	4	4	3	3	1
Code Enforcement	0.5	0.5	0.5	0.5	1	1	1	1	1	1
<b>Total Public Safety</b>	<b>37.5</b>	<b>38.5</b>	<b>38.5</b>	<b>37.5</b>	<b>47</b>	<b>48</b>	<b>49.5</b>	<b>50</b>	<b>49</b>	<b>46.5</b>
<b>Growth Management</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>3</b>
<b>Public Works</b>										
Administration	2	2	2	2	2	2	2	2	2	2
Street Maint.	6	6	6	7	9	9	9	9	9	10
Motor Pool	0	0	0	0	0	0	0	0	2	2
<b>Total Public Works</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>9</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>13</b>	<b>14</b>
<b>Culture and Recreation</b>										
Library	5.5	5.5	5.5	5.5	6	6	6	6.5	6.5	7.5
Parks & Recreation	3	3	3	3	5	5	5	5	5	5
<b>Total Culture and Recreation</b>	<b>8.5</b>	<b>8.5</b>	<b>8.5</b>	<b>8.5</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11.5</b>	<b>11.5</b>	<b>12.5</b>
<b>Utilities</b>										
Water	5	6	6	6	7	7	9	10	10	10
Solid Waste	1	1	1	1	0	0	0	0	0	0
Sewer	0	0	0	0	2	3	5	3	3	3
<b>Total Utilities</b>	<b>6</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>9</b>	<b>10</b>	<b>14</b>	<b>13</b>	<b>13</b>	<b>13</b>
<b>Total Government Employees</b>	<b>75</b>	<b>76.5</b>	<b>76.5</b>	<b>76.5</b>	<b>96.5</b>	<b>100</b>	<b>107.5</b>	<b>106.5</b>	<b>105.5</b>	<b>102.5</b>

Source: Finance Department

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

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Police</b>						
Booking Arrests	240	299	303	284	293	254
DUI Citations	9	20	30	29	46	18
Misdemeanor Citations	35	36	40	34	33	44
Traffic Citations	2,735	3,614	2,922	2,639	2,338	1,211
Traffic Accidents	394	359	409	445	374	366
Warrants Arrests	20	39	45	46	34	29
Dispatch Center:						
Medical Calls	1,829	1,915	1,970	2,201	2,746	2,773
Assist other Agencies	386	363	368	398	442	496
General Calls	23,737	28,433	28,216	23,341	31,042	31,725
<b>Building Department</b>						
Total Commercial Permits	135	215	310	314	308	290
Total Residential Permits	1,676	1,253	1,023	948	1,195	1,186
Number of Permits Issued	1,811	1,468	1,333	1,262	1,503	1,476
Total Construction Value	\$72,145,552	\$83,634,615	\$63,514,655	\$28,603,549	\$16,280,632	\$12,103,916
<b>Growth Management</b>						
Site Plans Approved	7	14	15	10	2	1
<b>Clerk's Office</b>						
Business Tax Receipts	990	1,016	1,018	1,014	1,183	1,037
<b>Roads and Streets</b>						
Potholes repaired	200	150	250	250	750	450
Street resurfacing (miles)	2.5	0	1.5	2.85	1.28	0
Street Micro-resurfacing (miles)	0	0	8.9	3.35	5.00	5.14
<b>Library</b>						
Total Circulation (library materials checked out)	119,549	117,519	126,376	129,708	124,025	110,435
Total Users of Public Internet Computers	24,225	28,340	27,846	30,160	33,532	41,187
Total Reference Transactions	22,320	20,226	23,042	22,412	18,792	19,500
Total Annual Programs	405	1,093	1,236	2,175	830	289
Total Program Attendance	5,103	7,844	7,093	7,139	11,200	11,008
Total Number of Registered Card Holders	7,217	6,704	7,684	7,665	7,334	7,972
Total Number of Volunteer Hours	658	2,022	1,956	2,432	2,622	3,399
Total Library visitors	109,440	112,961	117,257	125,315	122,559	125,060
<b>Parks and Recreation</b>						
Number of Recreation Leases	5	8	12	8	8	8
Number of Bookings at the Community Building	594	660	575	525	599	483
<b>Water</b>						
Commercial Connections	256	276	329	360	378	402
Residential Connections	1,422	1,402	1,930	1,926	1,923	1,956
Total Connections	1,678	1,678	2,259	2,286	2,301	2,358
Total Equivalent Residential Units	2,499	2,507	3,529	3,623	3,679	3,680
Average Daily Consumption (gallons per day)	648,000	709,446	699,478	586,709	630,000	699,980
<b>Reuse</b>						
Commercial Connections	0	0	10	10	22	34
Residential Connections	0	0	0	0	0	0
Total Connections	0	0	10	10	22	34
Total Equivalent Residential Units	0	0	0	0	25	34
Average Daily Consumption (gallons per day)	0	0	81,000	150,000	150,000	142,000
<b>Wastewater</b>						
Commercial Connections	118	135	169	189	209	222
Residential Connections	137	147	525	669	669	707
Total Connections	255	282	694	858	878	929
Total Equivalent Residential Units	736	765	1,636	1,818	1,875	1,939
Average Daily Sewage Treatment (gallons per day)	83,000	83,000	105,000	150,000	170,000	186,000

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**  
**LAST SIX FISCAL YEARS**

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Police</b>						
Stations (Includes substation)	2	1	1	1	1	1
Sworn Officers (positions filled)	25	29	29	30	30	28
Administration Units	3	3	3	4	4	3
Patrol Units	13	20	20	20	20	20
Motorcycle Units	0	2	2	2	2	2
Investigation Units	2	2	2	2	2	2
School Resource Officer Unit	0	1	1	1	1	1
K-9 Officer with Dog Unit	1	1	1	1	1	0
Support (Non-Sworn)	14	14	16	16	16	16
<b>Roads and Streets</b>						
Paved Roads (miles)	59.45	59.45	61.21	61.21	61.21	61.21
Unpaved Roads (miles)	2.51	2.51	2.51	2.51	2.58	2.58
Sidewalks (feet)	9,100	9,100	9,100	9,100	9,100	9,100
Land Annexations (acreage)	233.5	503.2	16.8	55.05	55.67	26.83
<b>Culture and Recreation:</b>						
Libraries	1	1	1	1	1	1
Acreage	54	54	54	54	54	54
Parks	4	4	4	4	4	4
Recreation Centers	1	1	1	1	1	1
Basketball Courts	1	1	1	1	1	1
Racquetball Handball Courts	4	4	4	4	4	4
Tennis Courts	2	2	2	2	2	2
Softball Fields	1	1	1	1	1	1
Baseball Fields	4	4	4	4	4	4
Playgrounds	1	1	1	1	1	1
Dog Park	1	1	1	1	1	1
Soccer Fields	3	3	3	3	3	3
Golf Driving Range	1	1	1	1	1	1
<b>Water</b>						
Water Mains (miles)	43.6	46.7	50.4	51.9	54.2	54.3
Storage Capacity (gallons)	550,000	550,000	565,000	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	2,358,000
Fire Hydrants	247	272	311	329	355	355
Water Plants	3	3	3	3	3	3
<b>Reuse</b>						
Water Mains (miles)	0	0	4.8	5.8	7.3	7.3
Storage Capacity (gallons)	0	0	1,200,000	1,200,000	1,200,000	1,200,000
<b>Wastewater</b>						
Sewers-Force Mains/Gravity (miles)	16.2	18.5	20.4	21.5	23.3	23.3
Treatment Capacity (gallons/daily)	250,000	250,000	630,000	630,000	630,000	630,000
Lift Stations	12	13	15	16	18	18

Note: The Town implemented GASB 44 in fiscal year 2006

Sources: Various Town departments

# Shumacker, Johnston & Ross, PA

Certified Public Accountants

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

March 22, 2012

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, 2011, which collectively comprise the Town of Lady Lake, Florida's basic financial statements and have issued our report thereon dated March 22, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

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

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

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

A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis.

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

#### Compliance and Other Matters

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

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



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, 2011**

**FEDERAL AWARDS**

Federal Grantor/ Program Title	Federal CFDA Number	Federal Revenues	Federal Expenditures	Federal through State Receipts
<b>U.S. DEPARTMENT OF JUSTICE</b>				
Pass through the Florida Department of Law Enforcement:				
Byrne Memorial Justice Assistance Grant Acquisition of Weapons (total grant \$9,268) Contract #2011-JAGC-LAKE-4-B2-059				
	16.738	\$ 7,572	\$ 7,572	\$ -
<b>U.S. DEPARTMENT OF AGRICULTURE/ U.S. FORESTRY SERVICE</b>				
Pass through the Florida Department of Agriculture and Consumer Services 2009 Recovery Act - Rolling Acres Sports Complex Tree Project (total grant \$18,770) AARA Grant #10A-132				
	10.688	18,770	18,770	18,770
<b>FEDERAL HIGHWAY ADMINISTRATION</b>				
Pass through the Florida Department of Transportation Safe-Routes-to-School Design Grant (total grant \$112,415) Contract #AQ361				
	20.205	63,020	112,166	63,020
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
Pass through Lake County: Community Development Block Grant - Road Resurfacing 2010-2011 (total grant \$70,000)				
	14.218	<u>70,000</u>	<u>70,000</u>	<u>-</u>
Total Federal Awards		<u><u>\$ 159,362</u></u>	<u><u>\$ 208,508</u></u>	<u><u>81,790</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, 2011**

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**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>\$ 81,790</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 22, 2012

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 22, 2012, 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, 2011. 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, 2011 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 22, 2012

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, 2011, and have issued our report thereon dated March 22, 2012.

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

- b. We have not reported any control deficiencies that are not significant deficiencies, including but not limited to:
  - 1. Improper or inadequate accounting procedures.
  - 2. Failures to properly record financial transactions.
  - 3. Inaccuracies, shortages or defalcations. Also, we did not either discover any instances of fraud, or have any instances of fraud come to our attention.
- 6. The name of the primary government is the Town of Lady Lake, Florida, created by special act of the Florida Legislature, Chapter 12956, Laws of Florida, 1927. There are no component units included within the reporting entity.
- 7a. The Town has not met any of the financial emergency conditions described in Section 218.503(1), *Florida Statutes*.
- 7b. The financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), *Florida Statutes* is in agreement with the annual financial audit report for the year ended September 30, 2011.
- 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.



Shumacker, Johnston & Ross, PA

AFFIDAVIT

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

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

FURTHER AFFIANT SAYETH NAUGHT.

Kathy Oster  
 Kathy Oster, Finance Director

STATE OF FLORIDA  
 COUNTY OF LAKE

SWORN TO AND SUBSCRIBED before me this 26th day of March, 2012.

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

